



NZX Investor Day

24 November 2022

Today’s Agenda

Welcome & Business Update

9.30am

Important notice

This investor presentation should be read in conjunction with NZX's other periodic and continuous disclosure announcements, and the financial statements in the 2022 Interim Report, which provides additional information on many areas covered in this presentation. These are available at nzx.com.



Capital Markets

9.55am

Strategic Delivery

10.45am

This presentation contains certain 'forward-looking statements' such as indications of, and guidance on, future earnings and financial position and performance.

This includes statements regarding NZX's current assumptions, which are subject to market outcomes, particularly with respect to market capitalisation, total capital listed and raised, secondary market value and derivatives volumes traded, funds under management and administration growth, acquisition integration costs and technology costs.

Morning Tea

11.15am



Smartshares

11.30am

Wealth Technologies

11.50am

NZX Value Proposition

12.10pm

Additionally they assume no material adverse events, significant one-off expenses, major accounting adjustments, other unforeseeable circumstances, or future acquisitions or divestments.

Any indications of, or guidance or outlook on, future earnings or financial position or performance and future distributions are also forward-looking statements.

Forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of NZX, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

Close & Lunch

12.30pm

A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. The forward-looking statements are based on information available to NZX as at the date of this presentation.

Except as required by law or regulation (including the Listing Rules), NZX undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.



Business Update

Mark Peterson
Chief Executive Officer

► New Zealand's Exchange
Te Paehoko O Aotearoa



Key messages you should take away from today – the NZX investment case



The Capital Markets opportunity: Since 2017, we have rebuilt our capital markets platform and have still achieved growth in a challenging 2022. We have the building blocks for further opportunities and growth and as markets recover, we expect to see capital markets activity levels accelerate



Maturing our Market: We know our product offering could be expanded (equity derivatives, carbon markets) which is key to driving further growth in capital markets activity and greater global connections – rounding out our product offering will **broaden our earnings base and add scale to our settlement and clearing activities**



We are **globalising our footprint** across all businesses, (SGX, EEX, GDT, global participation in markets) and we see opportunities with a 'star alliance' strategy



Continued secular growth: In addition, there are **long-term structural market tail winds that support growth** in the managed funds and platform businesses



Continued M&A activity: We will continue to explore **M&A activity to help drive and accelerate growth** where appropriate



Operating Leverage: Still investing for growth but also focusing on **efficiencies and driving operating leverage**



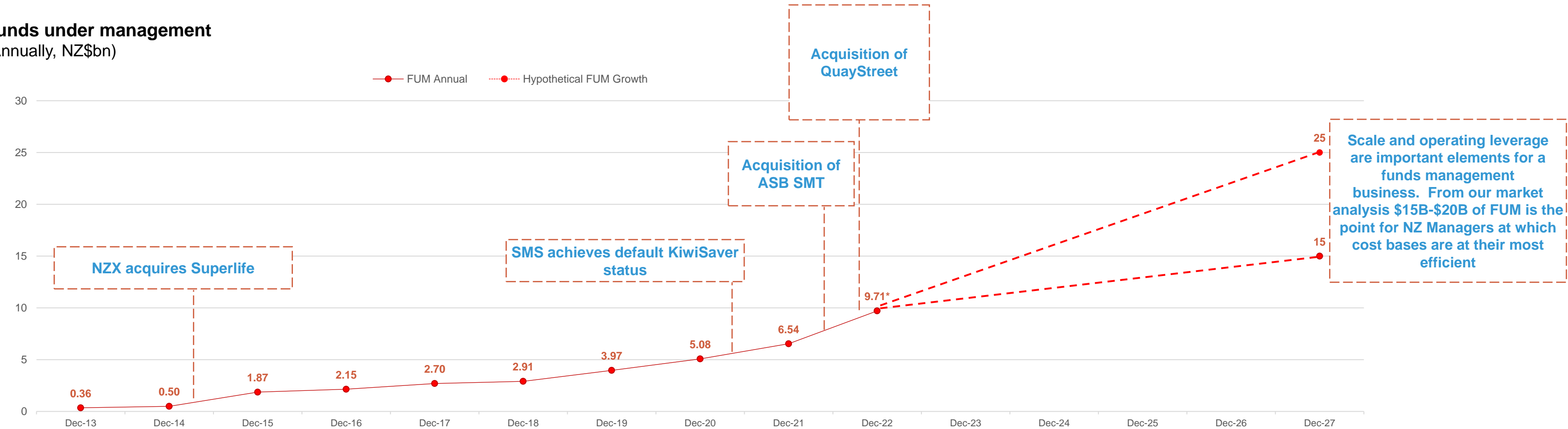
Maintaining through market cycles: Market cycles are inevitable, maintaining earnings through these challenging periods while continuing to develop, **sets a platform to capture upside opportunities in market recovery phase**

Our latest acquisition (QuayStreet) provides another step change towards achieving scale & operating leverage - in Smartshares

Whilst scale has been achieved organically over time, *step change acquisitions provide the opportunity to materially change the average cost* by:

- Spreading the fixed costs (corporate cost base and fixed fund costs) over greater FUM
- Providing purchasing power on the variable fund costs

Funds under management
(Annually, NZ\$bn)



1

NZX managed Smartshares with only five listed funds – slow growth

2

NZX acquires Superlife, integrates with Smartshares, hires new management

3

SMS develops a more robust operating platform, builds out capability and team

4

Focus on net cash inflows, gaining mandates and market visibility

5

SMS becomes a default KiwiSaver provider and acquires ASB SMT

6

Acquires QS, continue the organic growth strategy and deliver operating leverage

Source: NZX Metrics; *October 22 FUM incl 1.6bn from Quay Street - \$1.6bn FUM from QuayStreet is shown on the graph as an indication of total pro-forma FUM. The FUM will be attributed to Smartshares when the transaction is completed in Q1 2023 and Smartshares is appointed Manager of the QuayStreet schemes

The acquisition of QuayStreet Asset Management Limited (QuayStreet) will provide additional channels to market and \$1.6bn in FUM...

Smartshares to acquire the management rights of QuayStreet Asset Management Limited (QuayStreet)

Transaction summary	<ul style="list-style-type: none">• Acquiring \$1.6 billion¹ in funds under management for upfront consideration of \$31.25 million, to be satisfied by a \$22.5 million cash payment and the issuance of \$8.75 million of NZX shares (at a 10% premium to the five-day volume-weighted average price)• Additional earn out of up to \$18.75 million, based on net FUM inflows from the Craigs network over a three-year period• Long-term product support and distribution agreement agreed with Craigs• No immediate change for QuayStreet clients. The QuayStreet funds will be offered as a premium product set, complementing Smartshares' existing systematic and passively managed product offering• In time, Smartshares, with input from Craigs and clients, will work to align and refine the products to ensure the funds continue to meet customer needs and represent value for money• Smartshares will explore listing the QuayStreet funds
Quay Street	<ul style="list-style-type: none">• Specialist fund manager with \$1.6 billion¹ under management offering a range of diversified and sector specific funds• 27.5% three year FUM CAGR and a 22.1% three year gross revenue CAGR²

Notes:

1. FUM balance as at September 2022

2. To FY21

...and is expected to contribute between \$3.3 - \$3.6m to NZX FY23 operating earnings

Smartshares to acquire the management rights of QuayStreet Asset Management Limited (QuayStreet)

Transaction rationale

- Attractive opportunity for NZX to acquire a high-growth fund manager (aligned with a powerful private wealth network)
- Drives further scale for Smartshares, building on recent ASB SMT acquisition and Default Kiwisaver appointment
- Enables increased in-house capability supporting potential further synergies, including the internalisation of investment management across existing funds
- Provides a long-term product support agreement to expand Smartshares product set by jointly developing new products that are desired by the Craigs network
- Aligned with NZX Group's growth strategy of securing complementary opportunities across our Funds Management, Wealth Technologies and Markets businesses

Financial impact on NZX

- Expected to contribute between \$3.3 million – 3.6 million¹ to NZX FY23 operating earnings². Operating earnings² is expected to exceed \$5 million if the full FY24 earnout is achieved
- Integration into the Smartshares business in several phases over 36 months, with most functions transferred in 12 months
- Internal and external integration costs of circa \$4.0 million are expected across 2023/24

Notes:

1. Annual equivalent operating earnings if the investment approach transitioned at the beginning of FY23

2. Excluding transaction costs, integration costs, amortisation, interest expenses and tax expense

We are guided by our core purpose, vision and strategy...

► Our Purpose

Committed to connecting people, business and capital everyday

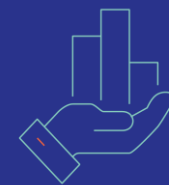
► Our Vision

A trusted New Zealand business, delivering sustainable wealth, value and opportunities for all

► Our Strategy

Growing, connecting, creating value

► Our Values



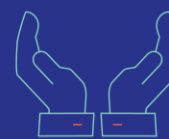
We Deliver



Creative



Integrity



Open



Resilient

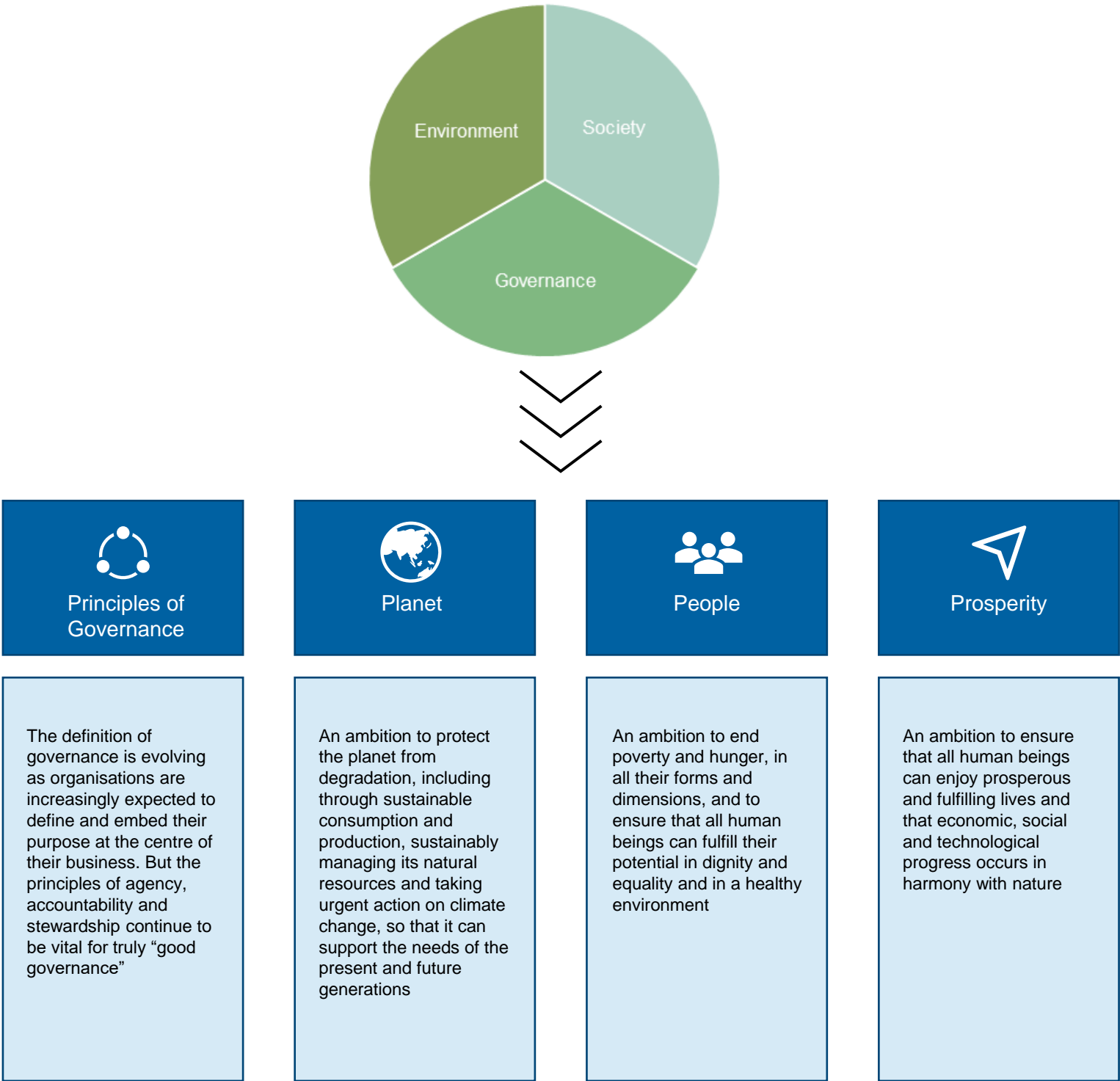


...and NZX's focus is to create value while delivering a positive impact on society and the environment

Our ESG Strategy runs through the heart of our business – as the operator of New Zealand’s stock exchange and markets, as a financial services and technology business, and as a regulator. In particular, robust governance (such as the updated Corporate Governance Code), is paramount to the role that NZX plays in New Zealand

The four “Ps” – **Planet, People, Prosperity and Principles** of governance – are the core pillars of NZX’s ESG approach. We ensure it aligns with our organisational purpose, vision and strategy, and with New Zealand’s long-term sustainability goals and international commitments

As a business, NZX is committed to taking action on climate change. **In 2022 NZX achieved net carbon zero certification from Toitū Envirocare.** Sustainable economic growth is a priority for NZX: increasing productivity while reducing the carbon intensity of our emissions and that of the Exchange. Public markets will continue to play an important role in facilitating the flow of capital towards decarbonising the New Zealand economy



Source: World Economic Forum

We are doing what we said we would, delivering a business with strong growth prospects and scalability...

NEW ZEALAND'S EXCHANGE

2018

Removed blockages



- Sold the non-core businesses
- Enabled liquidity growth through pricing and policy changes, alongside trading functionality
- Rebuilding of our customer relationships
- Technology projects completed - clearing & settlement upgrades, data centre and telecoms infrastructure. Further work identified and advanced
- Built our international profile through partnership development
- De-risked the balance sheet through issuing the sub note and implementing the derivatives mutualised default fund
- Updated market structure and pathways to listing

2019 /2021

Rebuilt for growth



- Enhanced NZX's IT capabilities, security services improved to mitigate impact of cyber attacks, implemented Bloomberg in SMS, completed development and went live with new trading system, completed actions required of plan agreed with the FMA
- Delivery of partnerships for growth – Dairy and Carbon
- FY21:
 - Smartshares FUM +28.8% and operating earnings excluding acquisition costs +64.2%, KiwiSaver Default status obtained
 - Wealth Technologies FUA +53.2%, new clients onboarded and operating earnings positive
 - Traded value +18.5% up on 5 year rolling average, depository assets under custody +32.7%
 - True origination model established, new pathways to listing, \$19.8bn in capital raised vs \$10bn target



2022

Demonstrated resilience



- Despite challenging market conditions NZX is achieving revenue growth across all businesses and earnings stability
- Delivering a targeted M&A strategy to achieve scale and ultimately increased operational leverage
- Delivering promised growth through innovative global partnerships
- Maintaining operational excellence with 100% up time in 2022 and robust risk management

...and the numbers reflect the strength of our strategy

		2017 (Sept YTD)	2022 (Sept YTD)	Growth		
FINANCIAL PROFILE		REVENUE	\$46.6m	\$70.9m	+52%	✓
		OPERATING EARNINGS	FY = \$27.2m	FY Guidance = \$33.5–\$38.0m	+23% to +39%	✓
REVENUE DRIVERS		CAPITAL RAISED	\$6.2bn	\$16.6bn	+167%	✓
		VALUE TRADED	\$27.2bn	\$29.0bn	+6.3%	✓
		DATA REVENUE	\$9.6m	\$13.6m	+41%	✓
		FUM	\$3.7bn	\$7.8bn	+110%	✓
		FUA	\$1.2bn	\$10.0bn	+730%	✓
		DAIRY LOTS TRADED	223k	331k	+42%	✓
		GLOBAL PARTNERSHIPS	-	EEX (Carbon), SGX (Dairy), GDT (Dairy)		✓

* All numbers compared on a like for like basis



Work to do

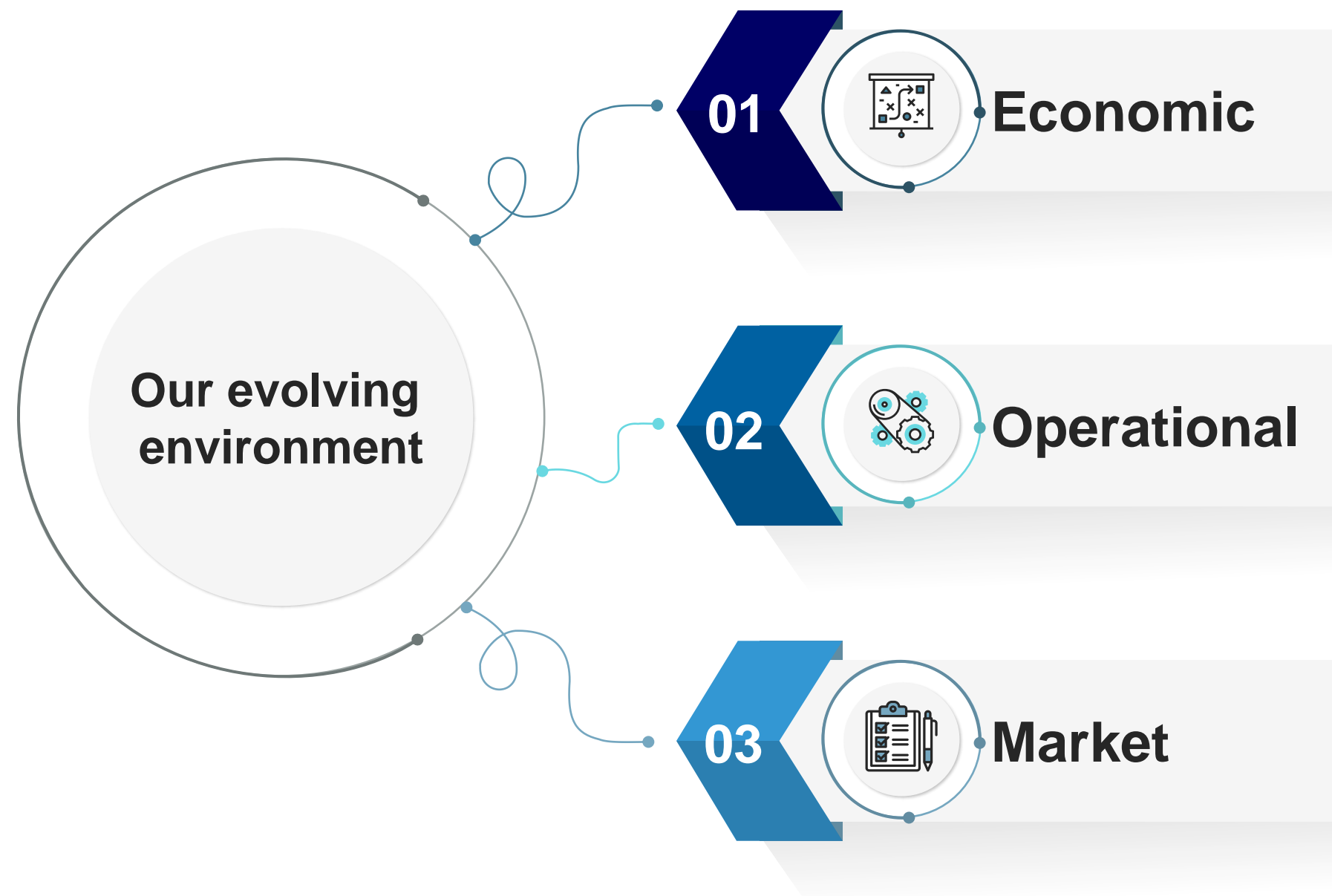


On Track



Exceeded Target

The current market conditions are part of a macro environment which has evolved significantly in the past year...











- « Macro-economic shifts impacting cost of capital
- « Tight labour market impacting costs
- « Shift in cycle in medium term (2024) should be good for NZX as growth/recovery phase in the economy should mean more interest in investing

- « Significant investment made into capacity, resilience and security of the technology base
- « Emerging with a stronger and more resilient operating model
- « Global and local compliance and regulatory environments continue to strengthen and evolve.

- « Economic conditions have impacted market activity - cash market trading, FUM and FUA, and institutional investors activity
- « Shift to debt over equity
- « Across many markets, equity derivatives trading is higher

...and the current market environment has highlighted opportunities that could add products/scale, and would strengthen our revenue base

Further maturity in our cash market function also required – through alternative market venues and advanced connectivity, while leverage and scale required in technology services and product provision

	CAPITAL FORMATION & ISSUANCE	PRE-TRADE DECISIONING	TRADE EXECUTION	POST TRADE	TECHNOLOGY SERVICES & PRODUCT PROVIDER
	Public Issuance and Issuer Services	Data & Insights	Cash Commodities Derivatives	Scaled up clearing and settlement	Investment Products Funds Technology
Peer exchange footprint					
NZX footprint					

In mature markets, derivatives are core to revenue generation - unsurprisingly the resulting revenues sit in the trading & post trading functions

Derivatives, in particular equity derivatives, are core to revenue stability, derivatives also drive growth across multiple layers of the capital markets including cash market trading, participation and data revenues.

In NZX post trade there is headroom for scale, supporting new product developments essential to market growth e.g. derivatives, additional services and efficiencies essential to market participants

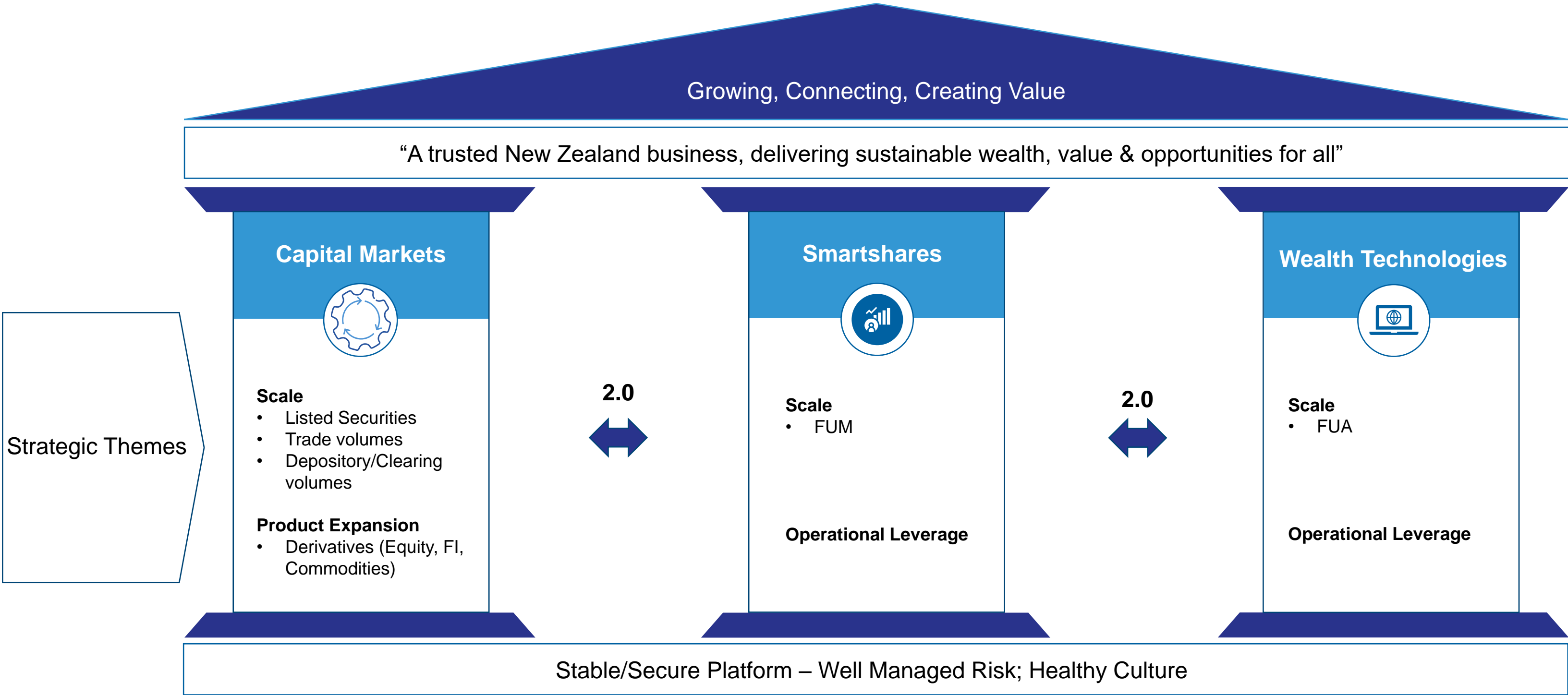


In place/scaled up



Significant opportunity exists

Our strategy to 2027 is simple – round out our product offer in Capital Markets and drive scale and operating leverage across the businesses



What you will hear today....

The work since 2017 has reset our capital markets business and it is showing strength through market cycles. **We have built a robust platform for further growth**

We have opportunities to strengthen our revenue base through **rounding out our product offering in line with our peers**

We are driving **scale and profitability** in our funds management and platform administration businesses

We continue to ensure **operating excellence** in an environment of greater regulatory requirements and cyber threats

We are committed to driving **sustainable profit growth and shareholder** return





Capital Markets Origination

Sarah Minhinnick
General Manager

► New Zealand's Exchange
Te Paehoko O Aotearoa



We have seen good growth in capital raising activity showing the strength of the public market through cycles

The goal of NZX is to provide business with access to capital to fuel their growth & contribution to the economy. We have seen a steady upward trend in total capital listed and raised on market over the past 5 years

\$17.77 billion
Total capital raised (YTD)

↑ **+39.5%**
(YOY)

\$6.18 billion
Primary issuance (YTD)

↑ **+2.5%**
(YOY)

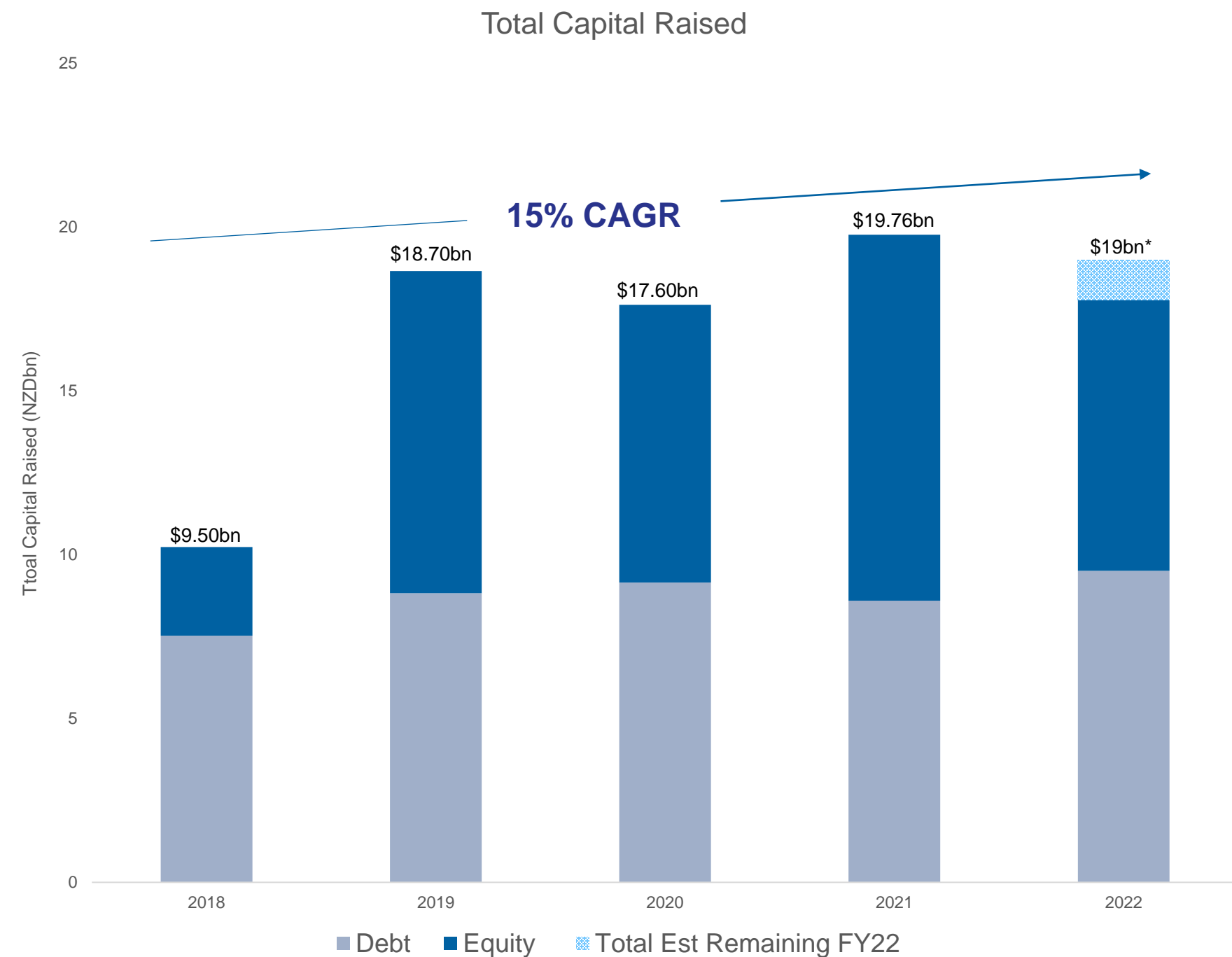
\$11.59 billion
Secondary issuance (YTD)

↑ **+72.7%**
(YOY)

\$9.51 billion
Debt capital raised (YTD)

↑ **+30.4%**
(YOY)

42 ESG bonds on NZDX



All pathways to listing are working well – 7 new issuers joining NZX in 2022

Promoting all pathways to listing, including direct listings, were a key part of Capital Markets 2029

1 x Foreign Exempt



\$8.01 billion
Market Capitalisation

1 x Direct Listing



Listing application
received, pending
NZ RegCo approval

1 x Fund



\$11.83 million
Market Capitalisation

1 x Reverse Listing



Scheduled to list on
6 December 2022

3 x Debt Listings



\$150 million

of unsecured, senior, fixed rate bonds



\$600 million

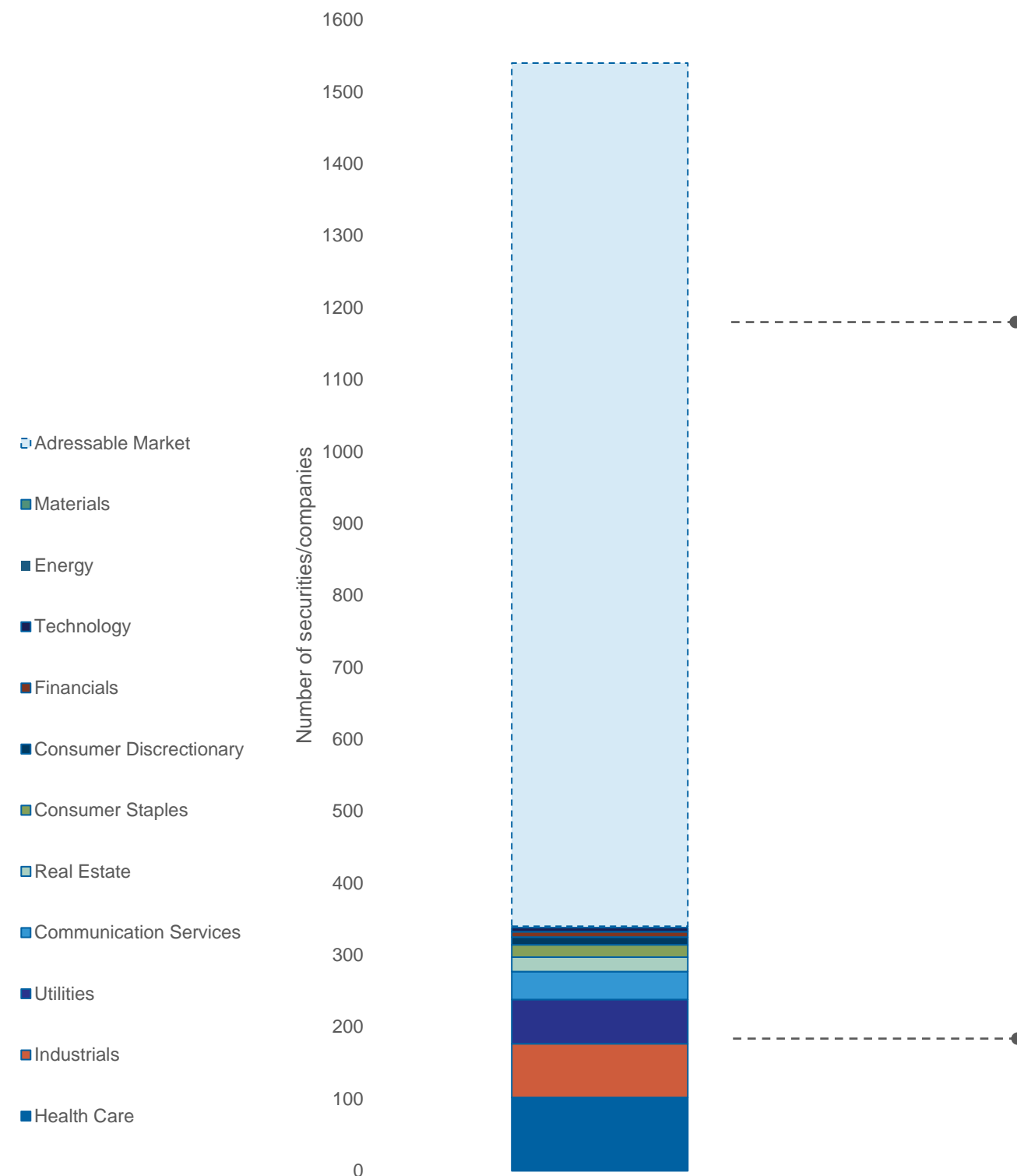
of unsecured subordinated notes



\$100 million

of unsecured, unsubordinated fixed rate
bonds

We are driving forward on connecting with prospects in a large addressable market



Total addressable market*

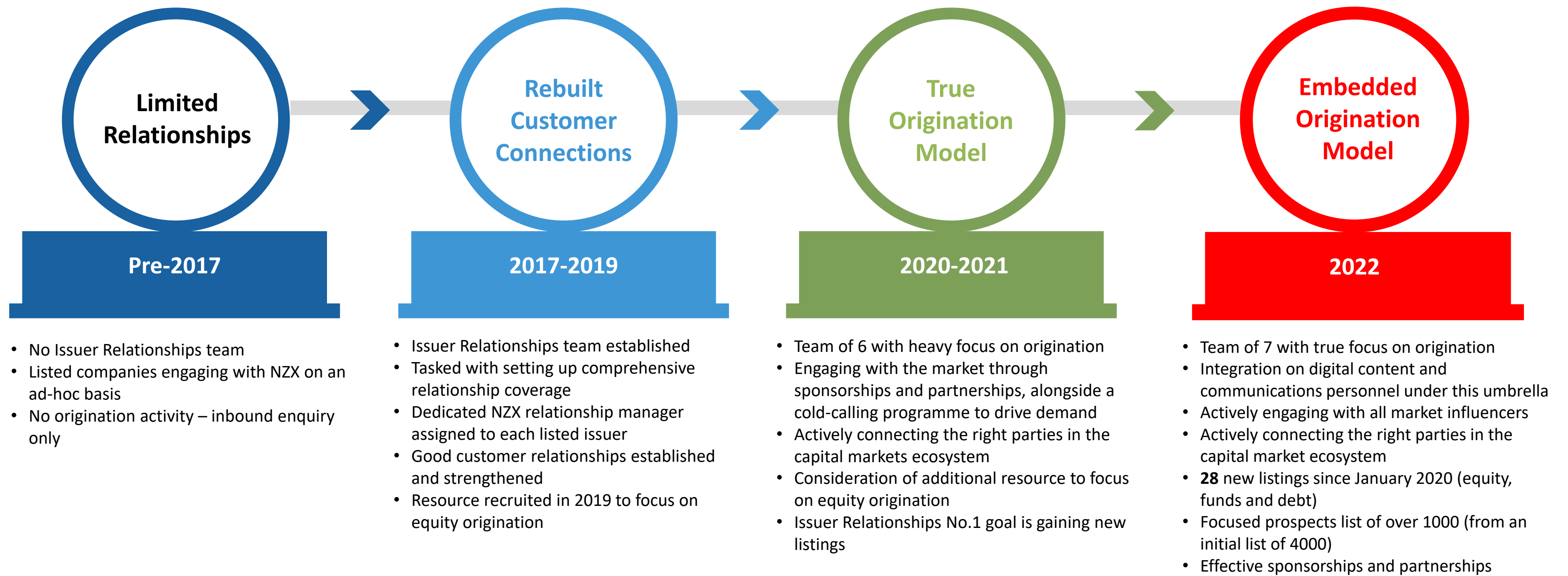
A broad addressable market exists providing significant opportunities to grow off the back of a now embedded origination model

- An estimated 1,200 private companies in NZ with annual revenues > \$30m
- Many of these companies are not yet aware of the options or benefits for listing
- Significant untapped opportunity to grow the listed market
- Over 1,000 contacts have been made with potential issuers and nurturing the most likely to list
- While the origination model has a long pipeline and is highly dependent on the surrounding ecosystem, we are starting to see results

339 total listed securities on NZX

We are driving this growth through an embedded origination model

TRANSFORMATION OF EXISTING RELATIONSHIPS, PROSPECTING AND CONVERSION SINCE 2017



Actively connecting participants in the capital markets ecosystem here and globally...



...and delivering on NZX objectives from Capital Markets 2029 to reach prospects and support existing issuers

Capital Markets 2029 recommended NZX increase its marketing efforts to capture the significant opportunity. This marketing activity extends to supercharging our digital content offering

We support our issuers through high quality communication and engagement offerings:

- 20 Podcasts YTD
- 5 Spotlight Videos YTD
- 8 Virtual Investor Events YTD showcasing 33 issuers
- 4 Issuer Education Workshops YTD
- 20,000+ Social Media Impressions
- 15,000+ Social Media Followers
- 53,000+ Subscriber Reach



We are developing a vibrant capital raising business across equity, funds and debt, driving scale across all areas of issuance

2022

- 339 listed securities
- 27% of NZDX bonds with a GSS designation
- Podcast listeners of circa 300
- VIE viewers of circa 200 live and up to 600 subsequent views



2027 Aspirations

- 400 listed securities
- 35% of NZDX bonds with GSS designation
- Organic podcast growth to 500 listeners
- VIE organic growth to 1000 investors

This is how we will get there

Complete Marketing Offering

Optimise digital content creation and grow audience to support issuers' investor engagement and the NZX origination model

Expand Debt Offering

Grow the New Zealand listed debt market to >\$60 billion. Target more new names for debt issuance and focus on growth of GSS debt market

Extended Ecosystem

Pursue engagement with additional ecosystem participants to facilitate new listings

Expanded ETFs and Funds Offering

Pursue listings from other ETF providers and from a wider range of funds. Work with providers to develop offerings to harness latent investor demand



We have come a long way in our support of existing customers and bringing new business to market





Capital Markets Development

Jeremy Anderson
General Manager

► New Zealand's Exchange
Te Paehoko O Aotearoa



Progress since 2017 has significantly improved the health of our market, with opportunities out to 2027



31.2 billion

YTD Oct total traded value
Oct 17 - \$30.76 bn (+1.4%)



New Participants

2 Cash Trading, Clearing & Depository
2 Depository



65

YTD Oct on-market traded value
FY2017 = 40% (+62.5%)



20.2 billion

YTD Oct on-market traded value
Oct 17 = \$13.2b (+52.8%)



6.1 billion

Depository assets under custody - Oct 22
Oct 17 = \$447m (+1,265%)



69 thousand

Depository transactions - Oct 22
Oct 17 = 23k (+202%)



6835

Professional Terminals
Oct 17 - 6,157 (+10%)



8.5 YoY revenue growth

Information Services Business Unit
FY2017 - FY2021

Delivery of key initiatives since 2017 is driving this growth and has established the platform for the next level of development

Actively managing the pipeline of prospective Participants including trading, clearing and depository participants

Documented Relationship Management Framework rolled out across Participants with **clear plan to drive engagement and growth**

With Trading System Upgrade complete, focus turns to **creating efficiencies in clearing and development of the CSD**

Discovery project completed to deliver roadmap for CSD modernisation and deliver of straight through processing

Continued growth in real time market data sales strong indicator of interest in market and latent opportunity

Connectivity roadmap enhanced by delivering Minimum Connectivity Standards due for completion in June 2023

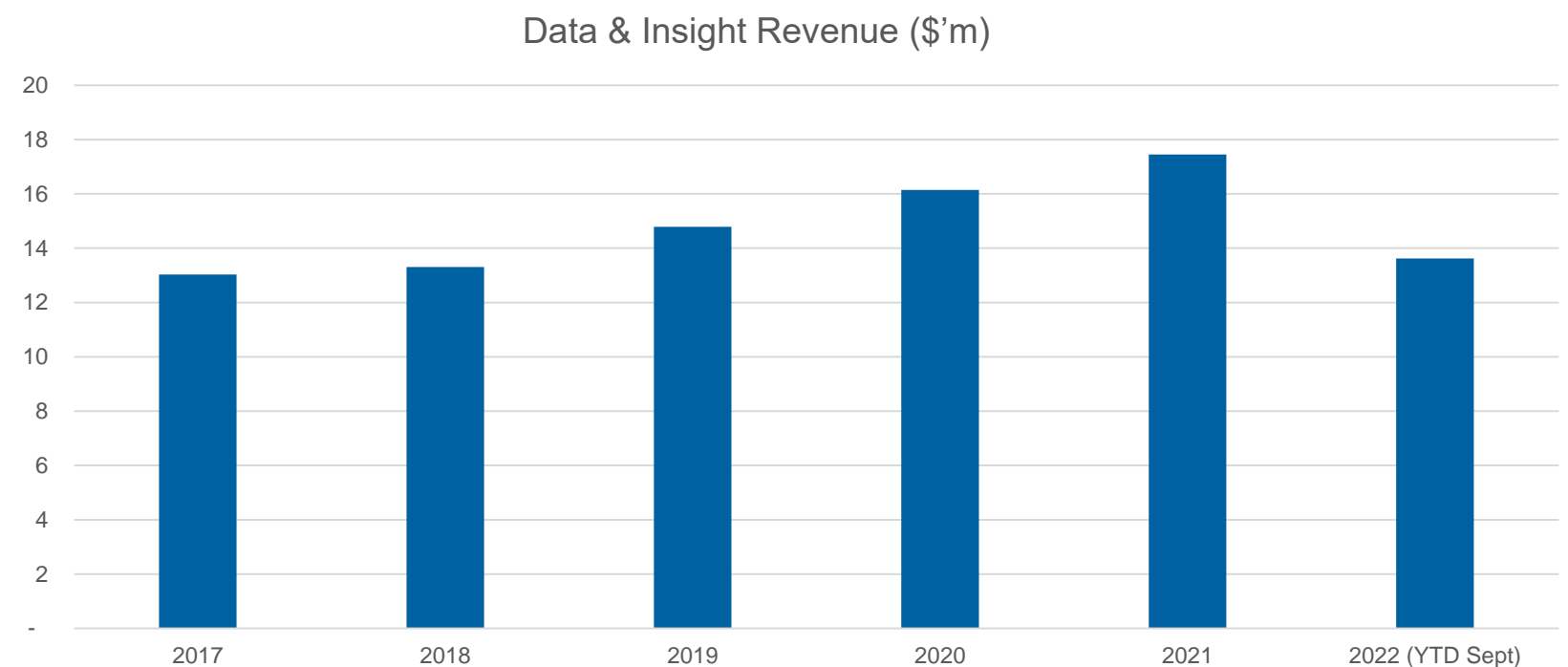
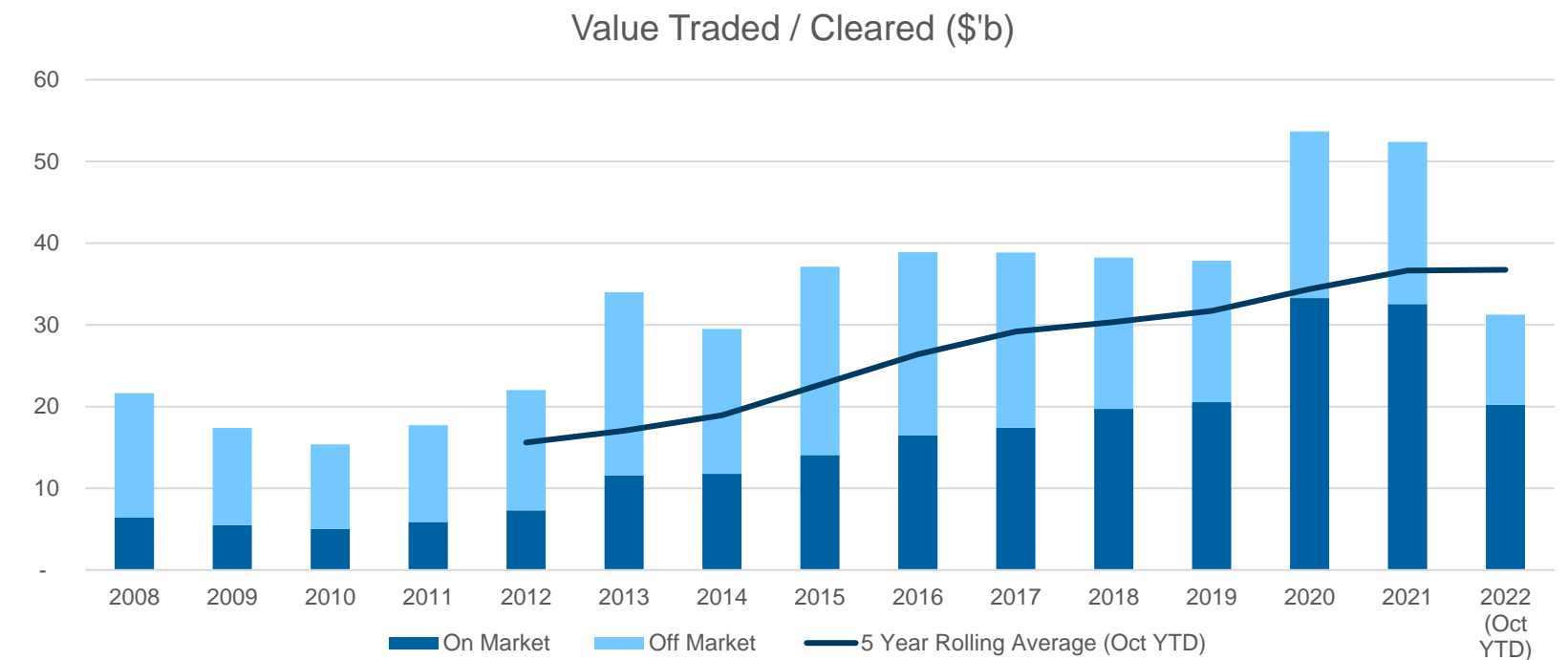


Overall activity continues to grow through market cycles, driving liquidity & revenues

Increased on-market trading is key to driving new participation, particularly globally, and increasing overall transparency and liquidity in our market

Total value traded is facing challenges in 2022* but **we anticipate activity levels to lift as new capability (GCP, Derivatives, NZX Dark) is delivered**

Data revenues continue to grow and will be a **source of recurring revenue growth into the future** as we develop new product and delivery mechanisms



***Value traded / cleared**

- Lower levels of total value traded reflects a combination of lower traded volumes and lower share prices due to significant market uncertainty as a result of high inflation, interest rate rises, reversal of quantitative easing, and global conflict contributing to a flight out of equities globally
- Reduced number of large trading days in H1-22 compared to H1-21 due to lower number of index rebalance days, particularly related to the rebalance of the S&P Clean Energy Index in April 2021

Global footprint being extended in relevant jurisdictions in preparation for new products and new investors...

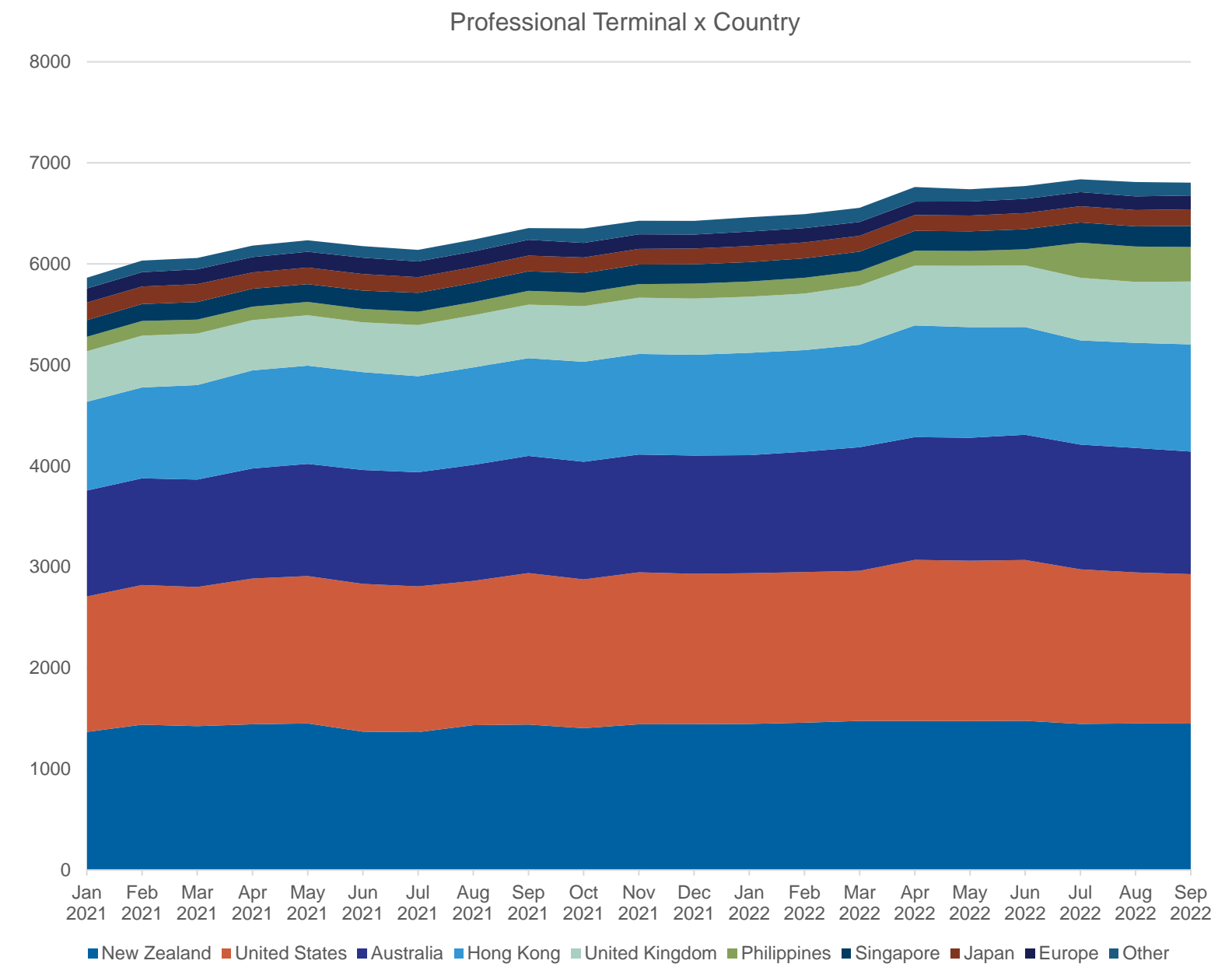
Professional terminal usage is a good proxy for where the interest in our market lies:

Significant professional terminal growth in APAC jurisdictions over last 2 years indicating that push for regional relevance is succeeding

Shift between UK and Europe may present opportunities to continue to grow presence

Positive indicators with new investor types as product development continues and barriers to entry are reduced

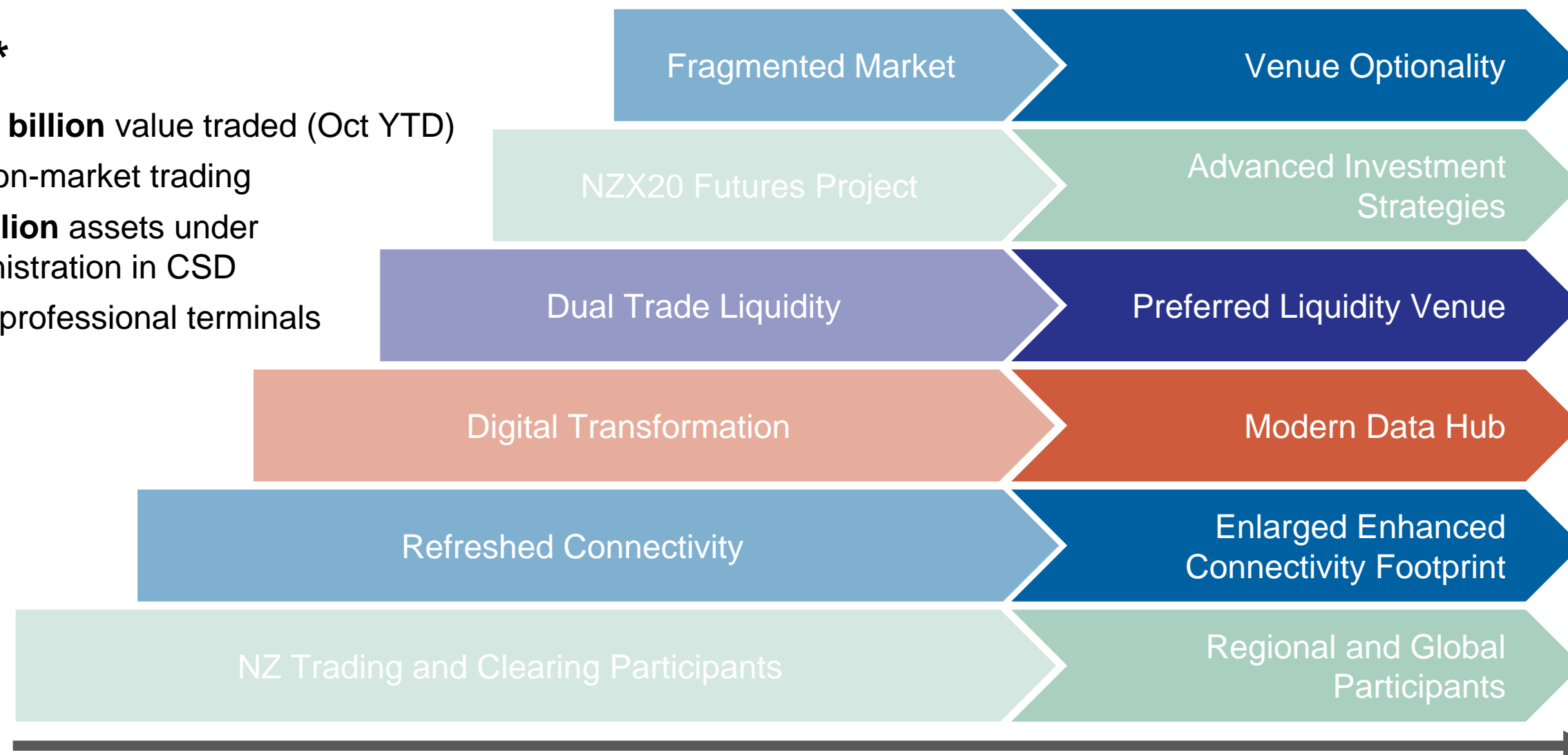
Building out infrastructure to make it easier for **regional and global participants to connect through points of presence**



...along with delivering specific building blocks to broaden our product set and drive scale...

2022*

- **\$31.2 billion** value traded (Oct YTD)
- **65%** on-market trading
- **\$6 billion** assets under administration in CSD
- **6835** professional terminals



2027 Aspirations

- **\$60 billion** value traded
- **80%** on-market trading
- **Dominant** institutional market share in CSD
- **7500** professional terminals

...and this is how we will get there to drive regional relevance





Market Operations

Felicity Gibson
General Manager

► New Zealand's Exchange
Te Paehoko O Aotearoa



Continuous enhancement in capital market operations will drive scale and revenue...

We will...



Broaden our earnings base and add scale to our settlement and clearing activities



Drive post trade **efficiencies** through automation and operations development **to support global and local participants**



Continue to develop **risk management tools in-line with international best practice** to support the New Zealand capital markets ecosystem



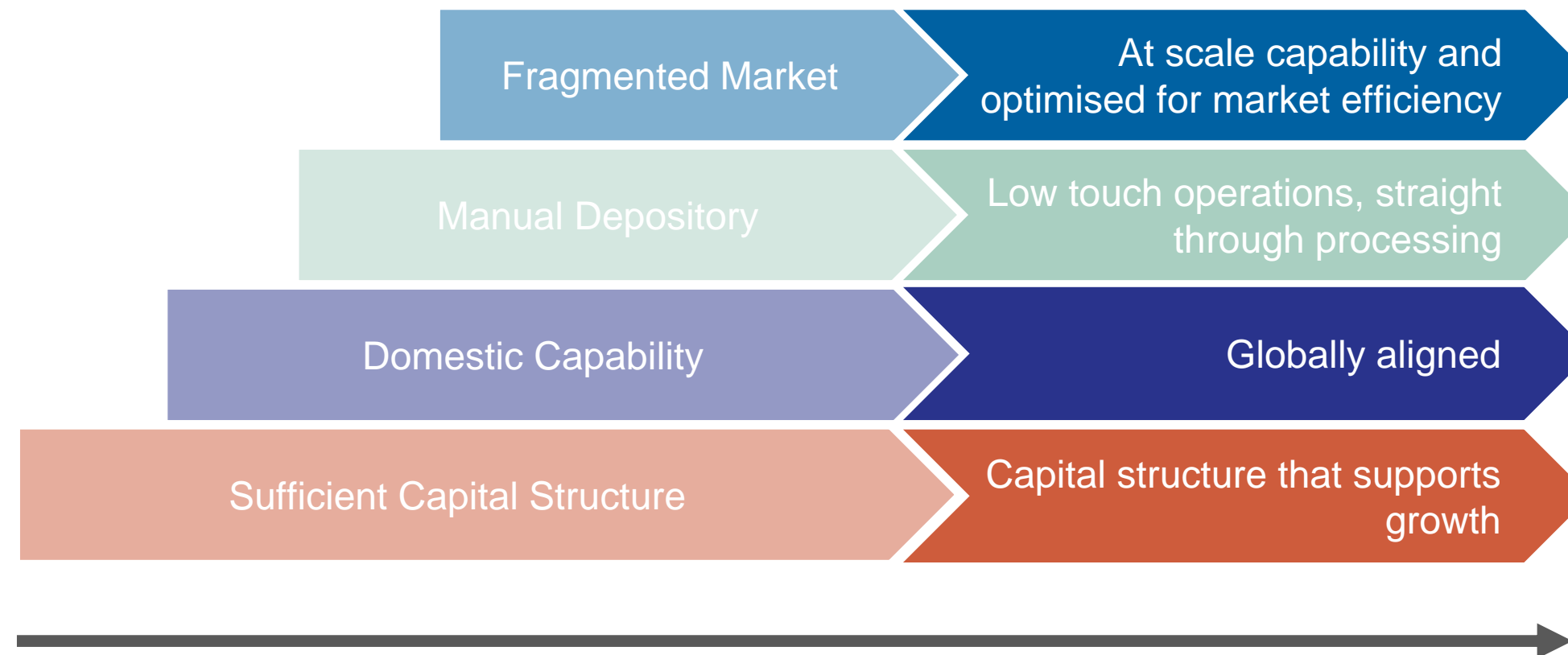
...and we are clear on the objectives to getting there

Objectives		Supports
Automation	Clear codification of requirements, for straight through processing	Reduces operational risk for all stakeholders in a growing market and allows automation to reduce market costs
	Automation of front end market operations (instrument and capital raisings)	Speed to market for listings and corporate actions
	Automation of corporate action processing	Reduces operational risk for NZX and custodians in a growing market. Attractive to global custodians
Risk Management	Introduction of global risk management tools	Risk management of infrastructure is fit for growing market, including equity derivatives. Required for global participation in trading and clearing of NZX markets
	Risk management capital structure review	
Clearing Regulation	New Zealand moving towards global standard: Introduction of PFMI into legislation, and QCCP qualification linked to this	Global and local participation in the market due to New Zealand legislation meeting expected global standards

Our aspiration: A New Zealand market aligned with changes in global standards

2022

- **1 global custodian** participant
- **14 semi-automated** corporate actions
- New Zealand legislation in process to move to global standard
- **Recovery tools** under consultation



2027 Aspirations

- **3 global custodian** participants
- **28 fully automated** corporate actions
- **Transitioned** to new legislation and **QCCP** eligible
- Global standard default waterfall including **recovery tools**



Strategic Delivery

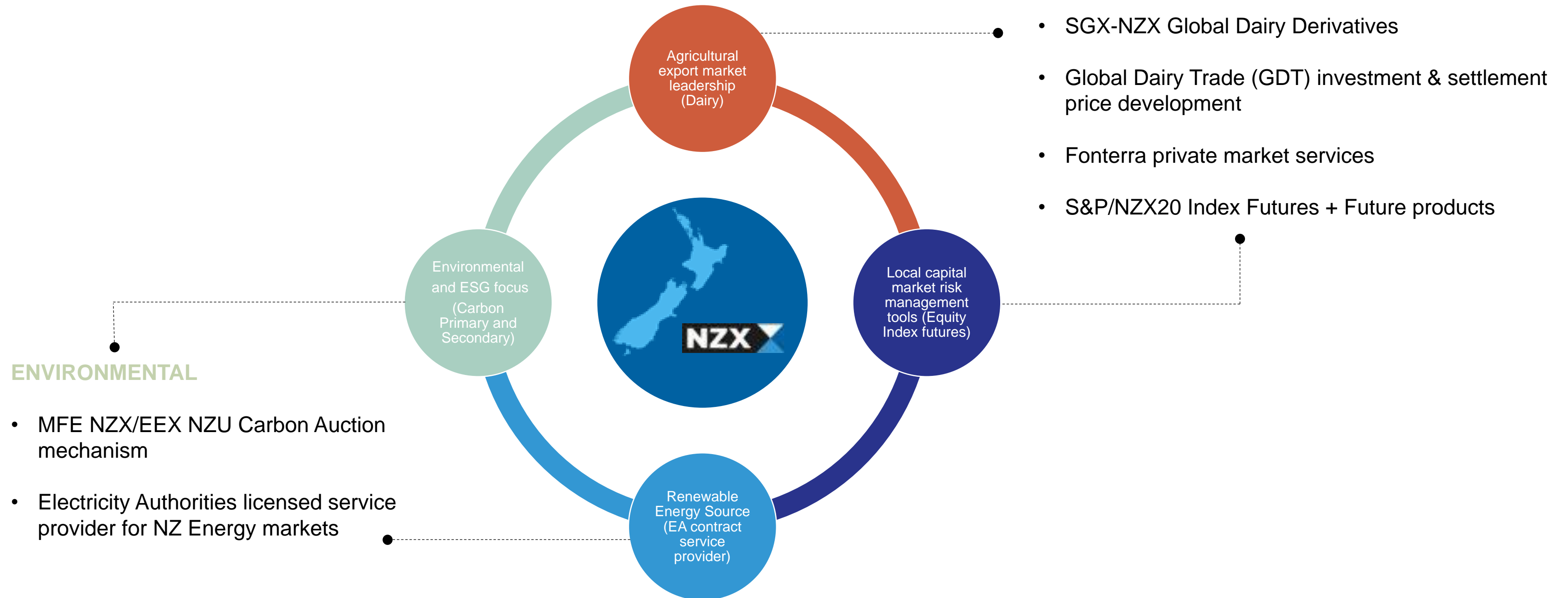
Nick Morris
General Manager

► New Zealand's Exchange
Te Paehoko O Aotearoa



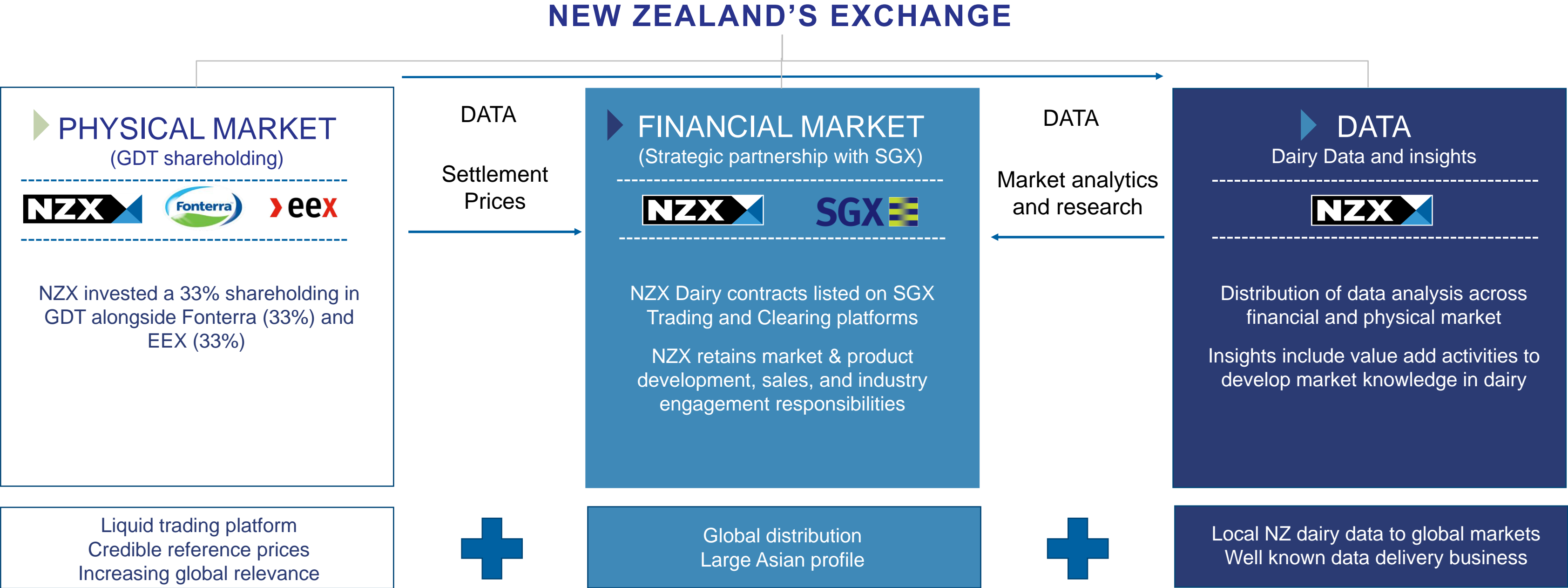
Strategic Delivery drives new and emerging growth opportunities for NZX, continually developing our product offering

These opportunities are synergistic to NZX's broader business and built on the New Zealand advantage



The goal: to deliver a more diversified set of revenue streams through maturing our markets in new products and partnerships

In dairy, NZX is now positioned across all key pillars – physical, financial, and data - to drive growth

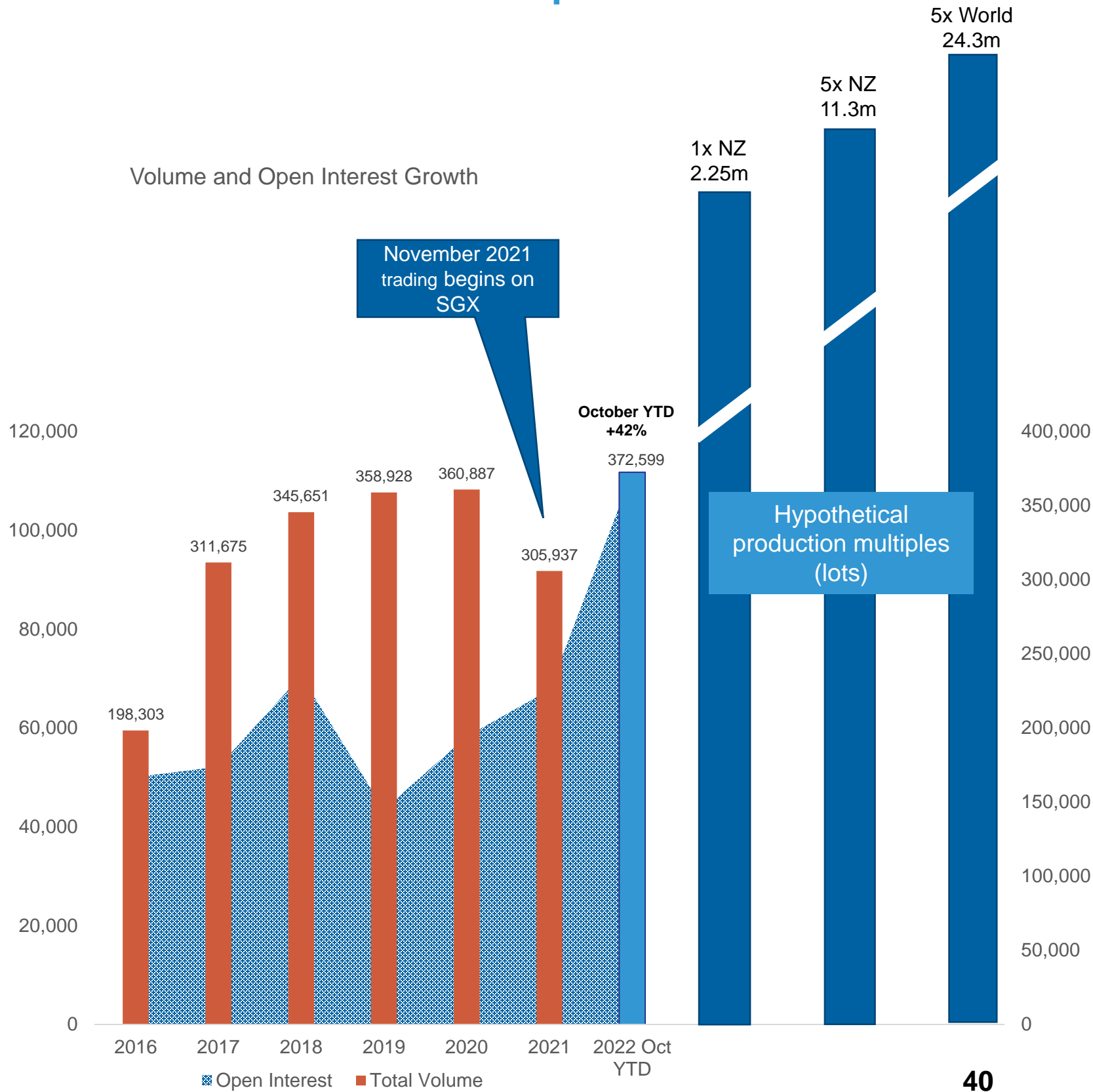
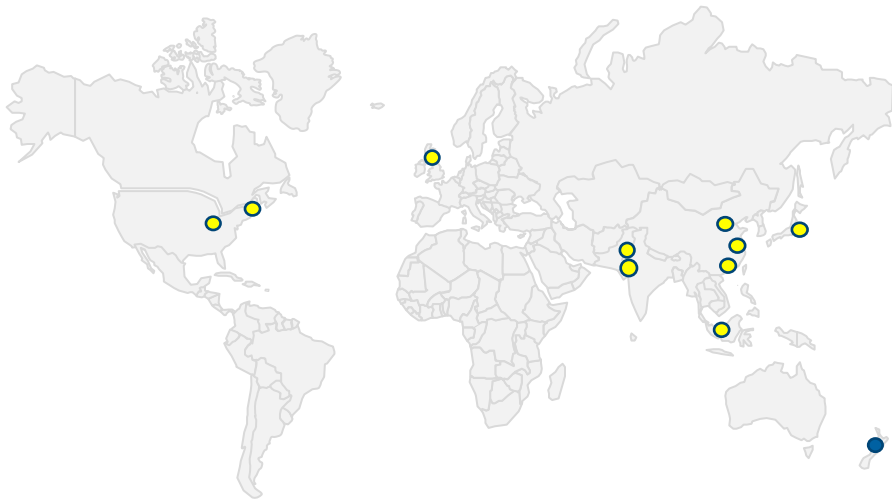


DAIRY DERIVATIVES

In the financial markets, the SGX partnership is achieving objectives, and progress in developing GDT has begun under its new ownership structure

Active Clearing Participants ¹	From 4 to 8
Average Daily Volume (lots) ²	1,482 to >2,093
On screen liquidity ³	45% to 74%
On 2021 YTD Volumes	+42%
Record Open Interest	>125k lots
GDT	Weekly auctions launched EU sales office expansion
Dairy Data & Insights	Redeveloped reports

Expanded International sales coverage



1.As measured by SGX 2. Measured in 6months FY21 March – Sept vs FY22 March – Sept, 3. estimate of NZX ‘crossing’ trades + block trades vs SGX=NZX Negotiated Large Trade (NLT) volumes; Source: NZX Data & Insights

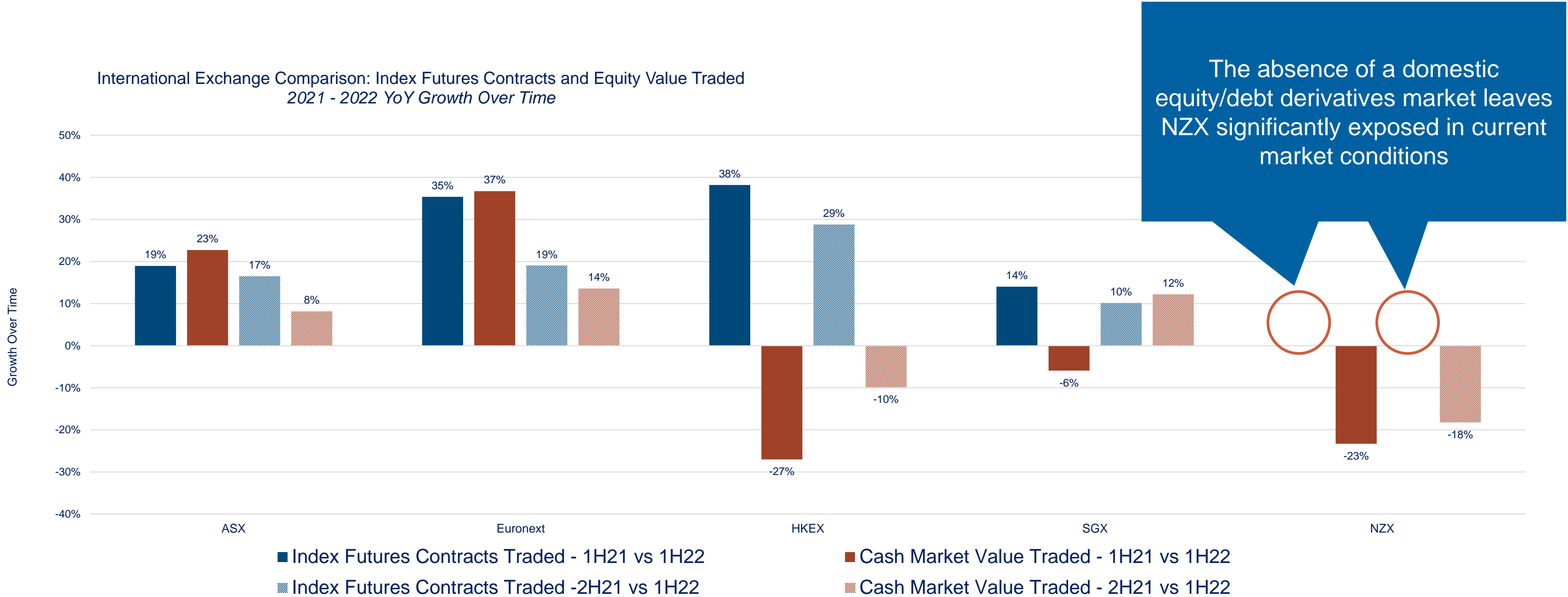
Dairy derivatives are global products on a global platform...our focus is also on developing **local infrastructure and risk management products**

We know that **equity derivatives are a vital component in delivering more stable revenue streams** as well as multiple other benefits across an exchange business



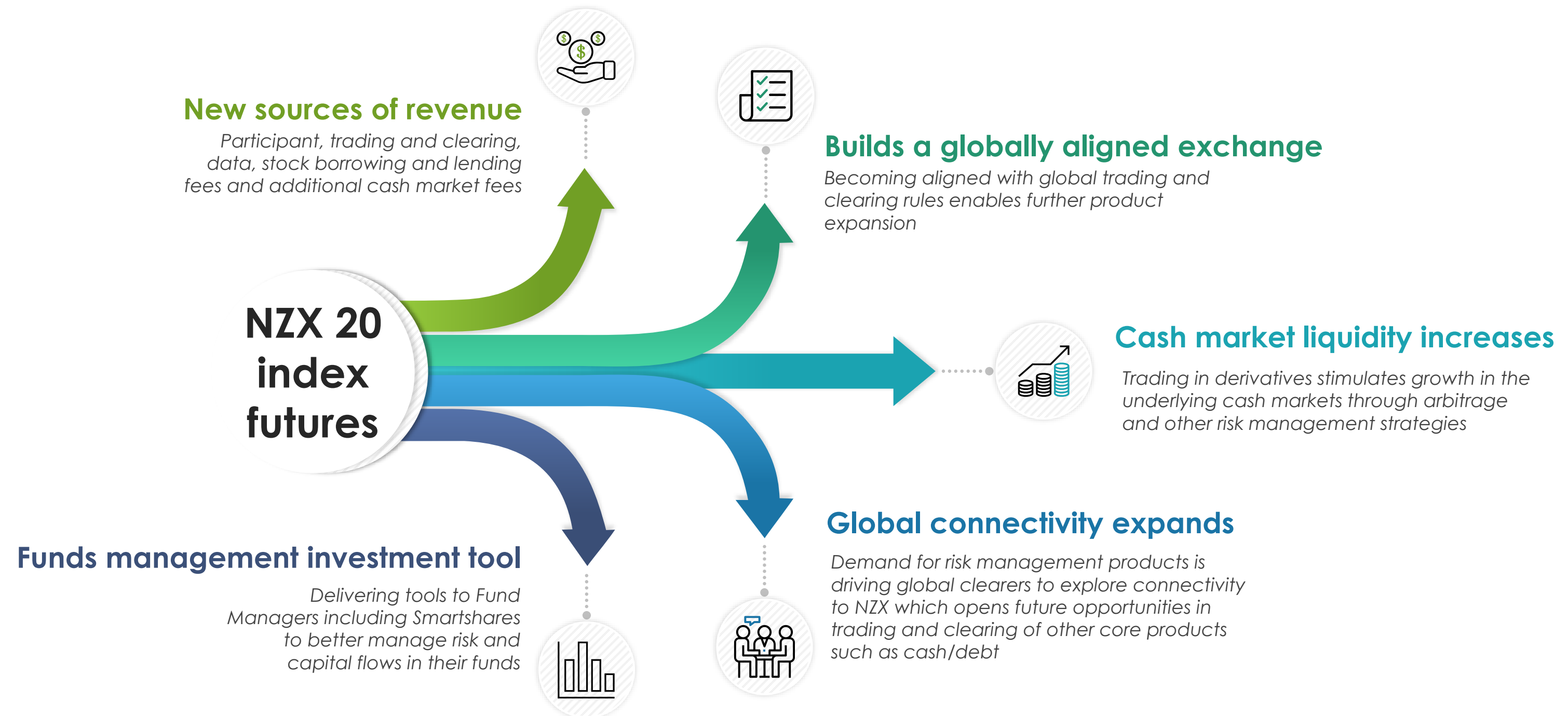
In particular, we understand the core nature of these revenues in mature exchanges and how they provide offset revenues in challenging markets...

A broader market offering provides a revenue 'hedge'



*Data from WFE and Exchange Reports

...and how the positive impacts of an equity derivatives market reach across the group



In equity derivatives, we have broad support and the pre-conditions for a successful launch

Why the timing is right:

The goal to re-establish a liquid Index Futures market **derives from improved underlying market conditions, and an extensive process to bring together the required ingredients for a successful relaunch**

Key success factors ¹	Description	NZX Status (NZX20)
Differentiation to other markets	<ul style="list-style-type: none">Sufficient differentiation (new tradable commodity, new index), no existing product available	<ul style="list-style-type: none">No existing exchange traded derivatives product exists that provides an accurate hedging tool for NZ equities
Appropriate stage of development	<ul style="list-style-type: none">Correct sequencing with groundwork to develop spot market if requiredSufficiently diverse number of sellers and buyersFurther room to converge and grow	<ul style="list-style-type: none">NZX Cash market liquidity has increased by 69% since 2014*NZ Fund Manager allocation to NZ equities has grown 186% to \$48bn** since 2014NZ Fund Manager allocation to derivatives has grown by 1452% from 2014**
Support of major participants	<ul style="list-style-type: none">Liquidity fund to ascertain firm commitments to use the venueAvailability of market makers	<ul style="list-style-type: none">Industry commitment from a ‘Cornerstone Group’ of 12 large end users providing written demand via signed Letters of Intent including indicative volumesMarket makers engagedLarge global Clearing Participants engaged
Transparency and governance	<ul style="list-style-type: none">Regulatory and legal certainty of exchange contracts and deliveryConfidence in prices realised – transparent market micro-structureAppropriate regulation	<ul style="list-style-type: none">NZX a regulated derivatives exchangeTransparent underlying marketAppropriate rules set being developed to be in line with global best practice

*NZX Data, ** + **RBNZ Managed Funds survey – Derivatives include futures, options, interest rate swaps FRAs, FX, Cross currency interest rate swaps.1. Source: Oliver Wyman “How to build a derivatives market” 2015

The extension of our capital markets clearing infrastructure and product set supports **other domestic product opportunities**

The Carbon and Energy markets provide product opportunities that **are strategically beneficial to New Zealand** and to which NZX can add significant value as a trusted and established exchange operator in these sectors



In energy markets, the drive towards 100% renewable electricity will facilitate our transition into supplying an integrated market operator platform

The market environment is changing...

...creating new upside opportunities for NZX

Decarbonisation is fueling electricity demand...

- 30% demand growth by 2035, further 30% by 2050 (excl NZAS)*
- Growth stemming from Electric Vehicle uptake, shifts in process heating, and population increases

The supply mix will also change...

- Wind and solar supply become more prominent
- Thermal retirements and reduced reliance on baseload hydro

Leading to increased price volatility and a need for evolved and decentralised market operator services ...

- Shift to greater short-term volatility as power system becomes reliant to resources subject weather variability
- Market operators globally are adapting to meet this paradigm shift

Existing service uplift...

- Re-secure long term market operator contracts
- Build out current data delivery platforms with added products and functionality

Provide a wider suite of products and services aligned to international market models...

- Develop electricity price risk management products
- Advance market operator services into the growing demand response markets
- Scalable and replicable distributed market operator platform
- Evolve into wider commodity product set; eg, water, green hydrogen

In carbon markets, successful entry into the primary (NZU auctions), positions NZX to further assist with secondary market liquidity development

Globally, carbon and ESG markets are becoming an attractive investment opportunity to achieve decarbonisation and deliver social benefits

The NZ ETS is internationally recognised and demand for well governed markets is developing, with regulated exchange trading the venue of choice in international marketplaces

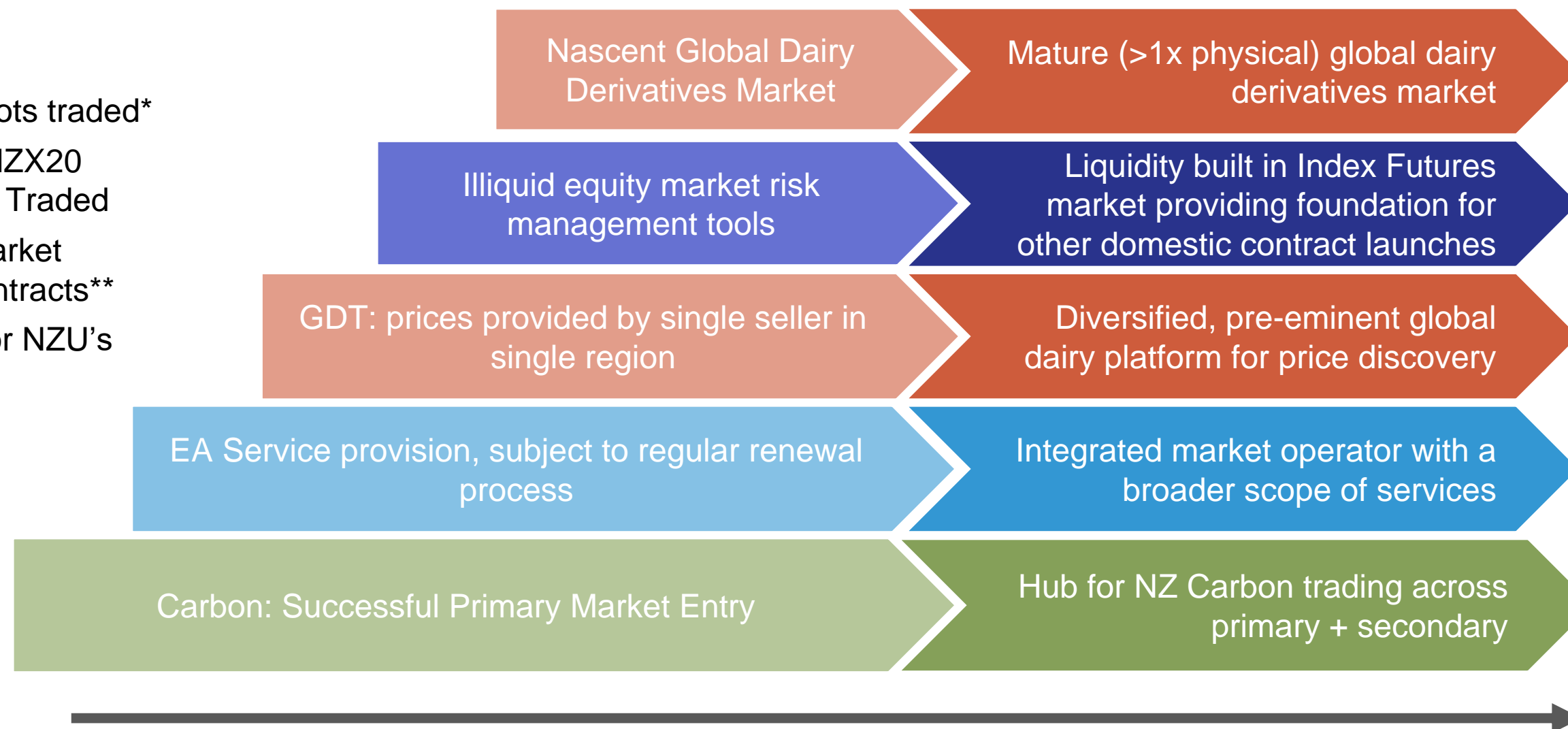


The next 5 years seeks growth across the four pillars...

The pursuit of scalable growth opportunities both globally and locally are to be supported by structuring lower risk earnings profiles in New Zealand's Carbon and Energy markets

2022

- **440k** dairy lots traded*
- **Zero** S&P/NZX20 Futures lots Traded
- **5** energy market operator contracts**
- **Auctions** for NZU's

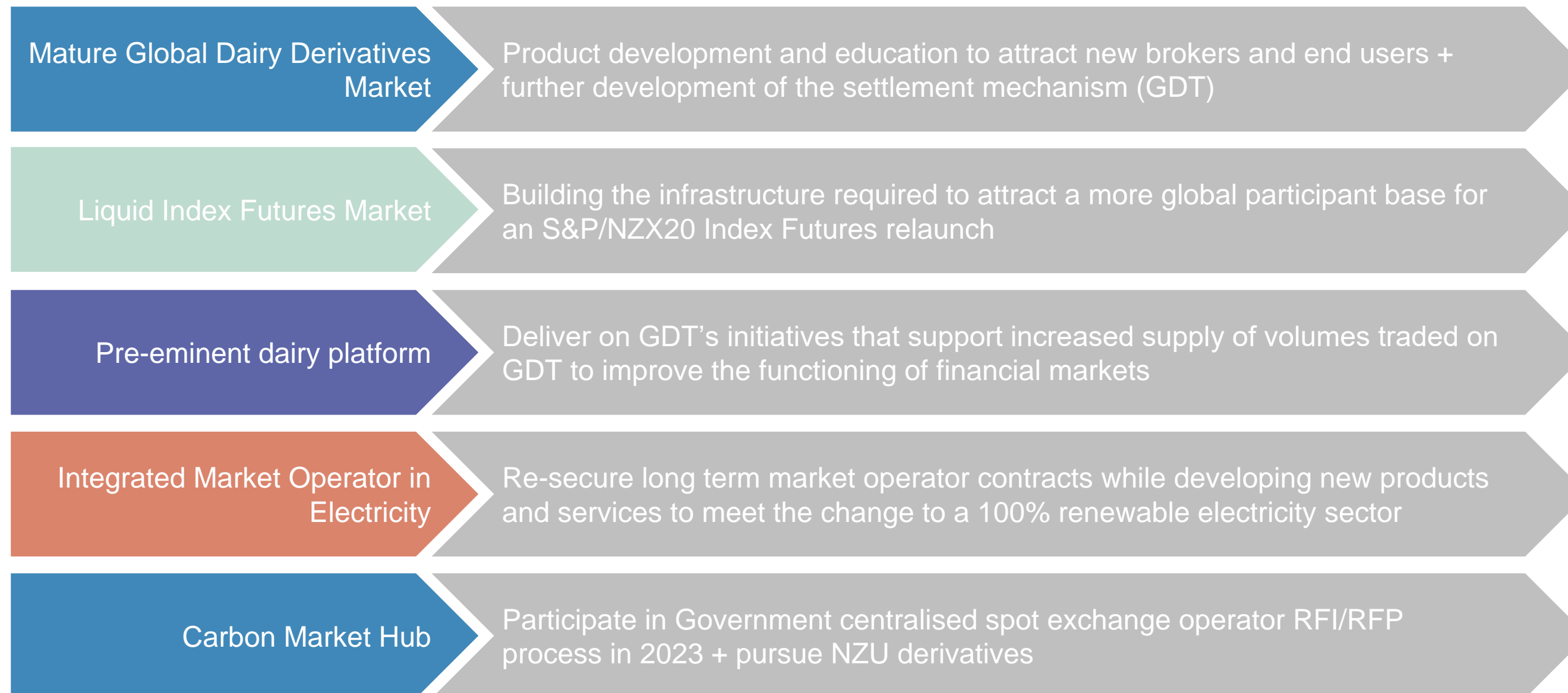


2027

- **>1.5m** dairy lots traded p.a
- **>Liquid** index futures market
- **8** energy market operator contracts**
- **Primary and Secondary** market functions for NZU carbon markets

Dairy
Equity
Energy
Environmental

...and this is how we will get there





Smartshares

Hugh Stevens

Chief Executive Officer, Smartshares Ltd

► New Zealand's Exchange
Te Paehoko O Aotearoa



Smartshares is NZ's leading passive investment manager and is well positioned for further growth

8

Smartshares is a licensed **Fund Manager** with 8 registered schemes incl. Smartshares ETFs and SuperLife KiwiSaver

35

Smartshares has 35 exchange traded funds listed on the NZX, accounting for more than 6% of value traded

70

Members in the Smartshares team

119,000

Members we directly manage savings, investment and insurance services for

\$8 billion

Assets under management

100%

Owned by NZX Limited and with an independent governance structure

Smartshares awarded fund manager of the year

Research IP Fund Manager Of The Year Awards 2022

Fund Manager of the Year 2022; and

Global Equities Fund of the Year

- Smartshares US 500

Australian Equities Fund of the Year

- Smartshares Australian Top 20

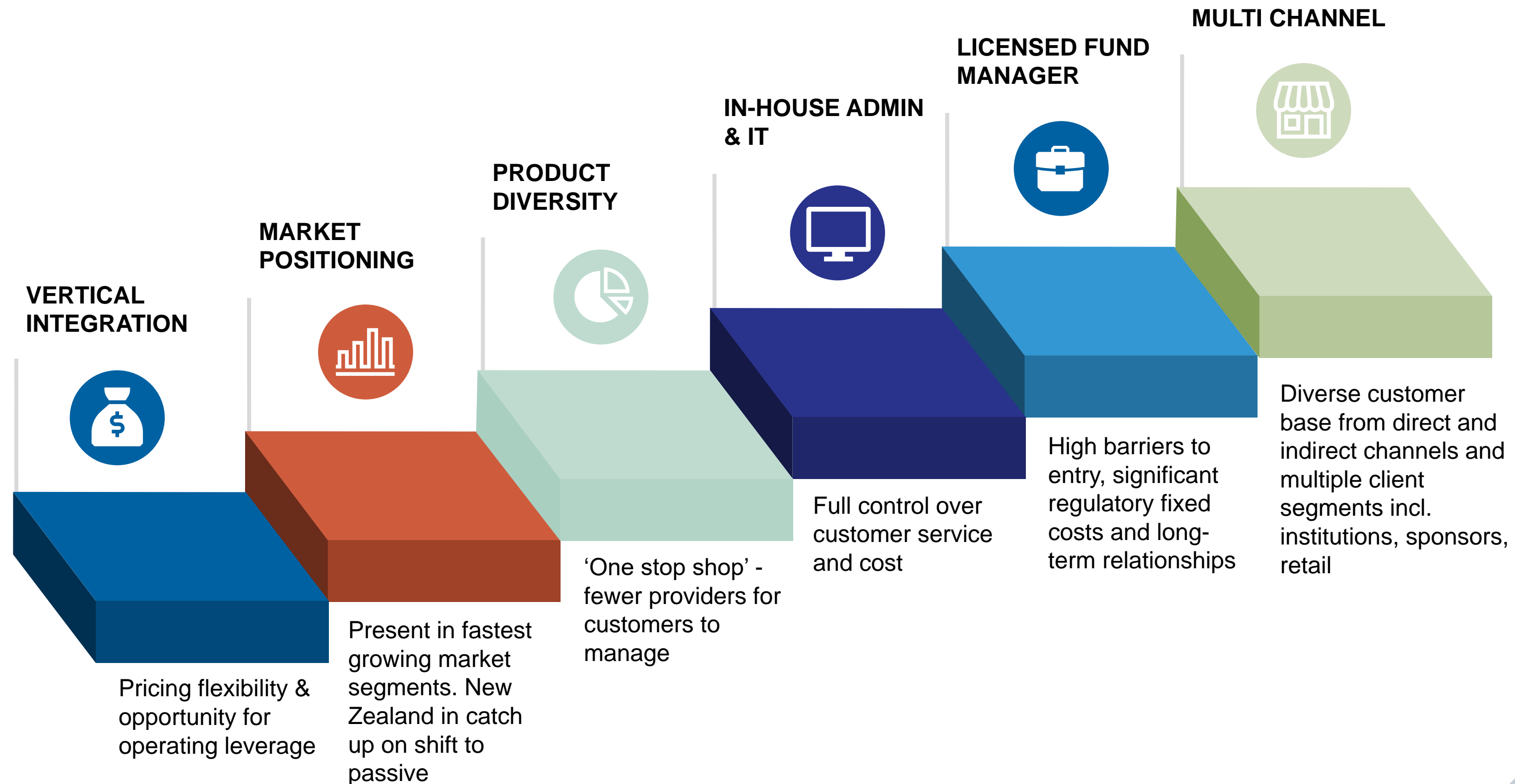
Longevity Award

- Smartshares US 500

The Smartshares business model has become more complete since 2017

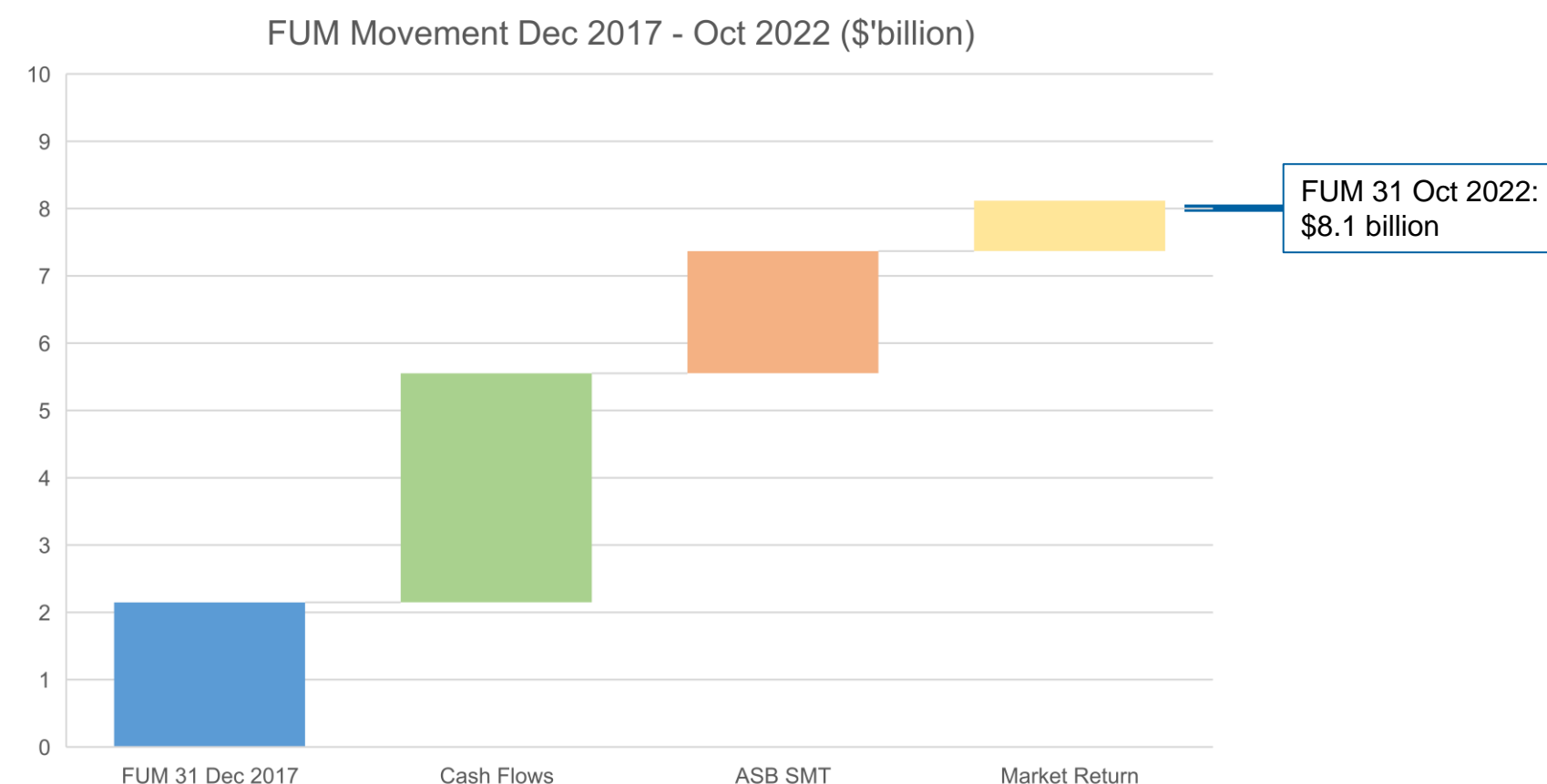


We hold competitive advantages that help drive leverage and growth in FUM and revenues...



...and this is showing through in the key areas where we are exceeding expectations

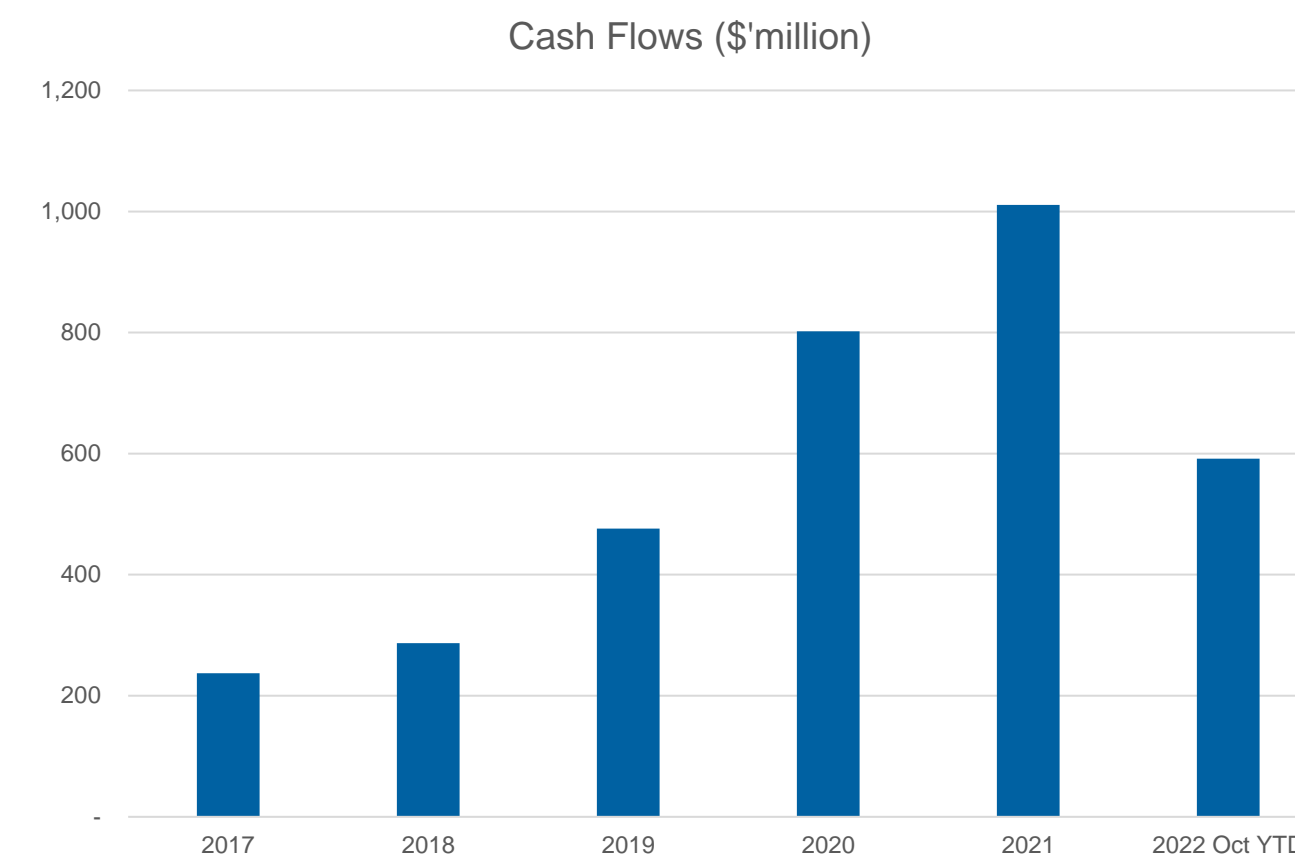
Funds Under Management



FUM

Funds Under Management (FUM) grew at a significantly higher rate than expected.

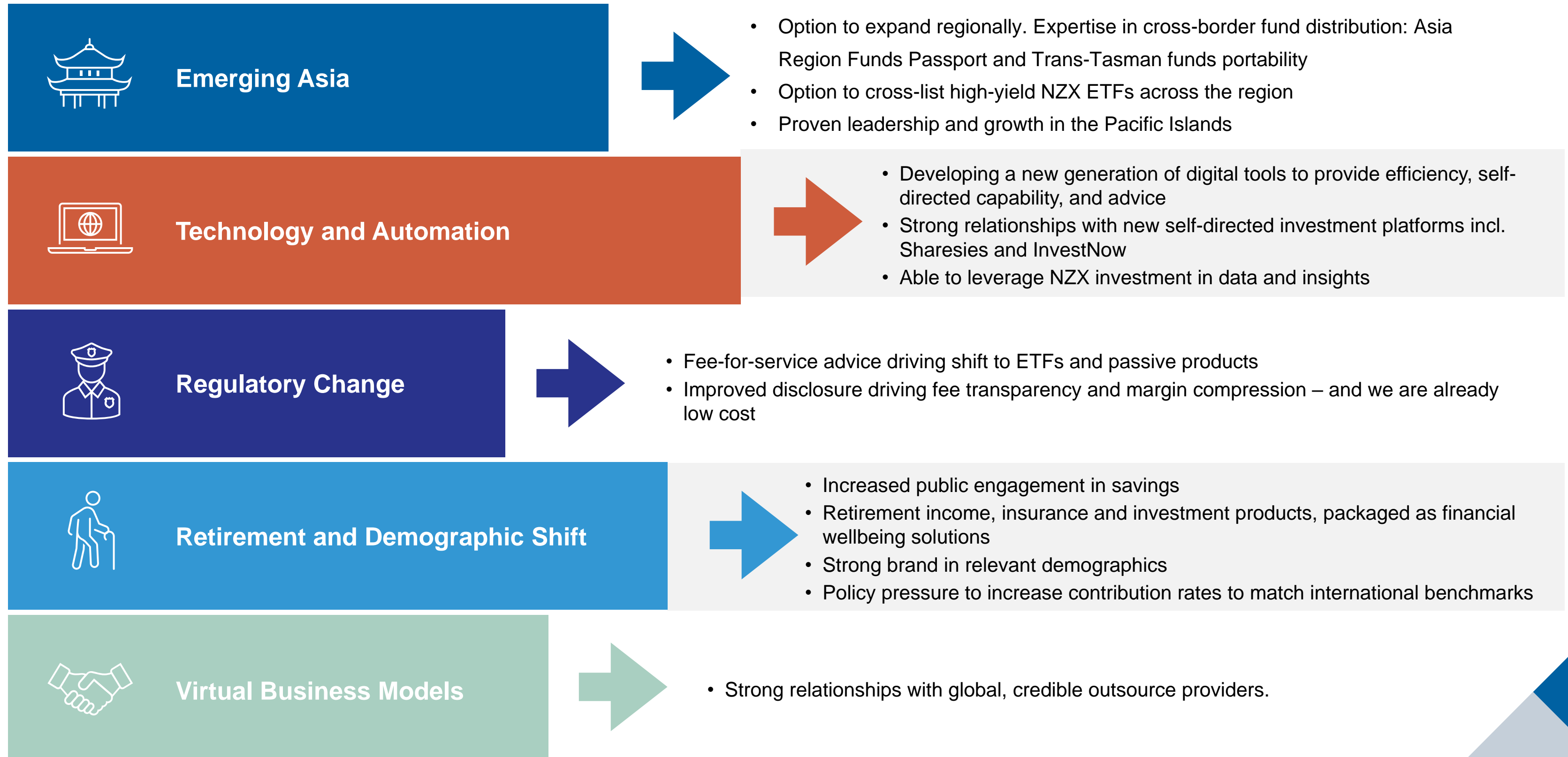
Net Cashflow



Net Cashflow

Net Cashflow success represents Smartshares' ability to attract new customers and deliver operating leverage.

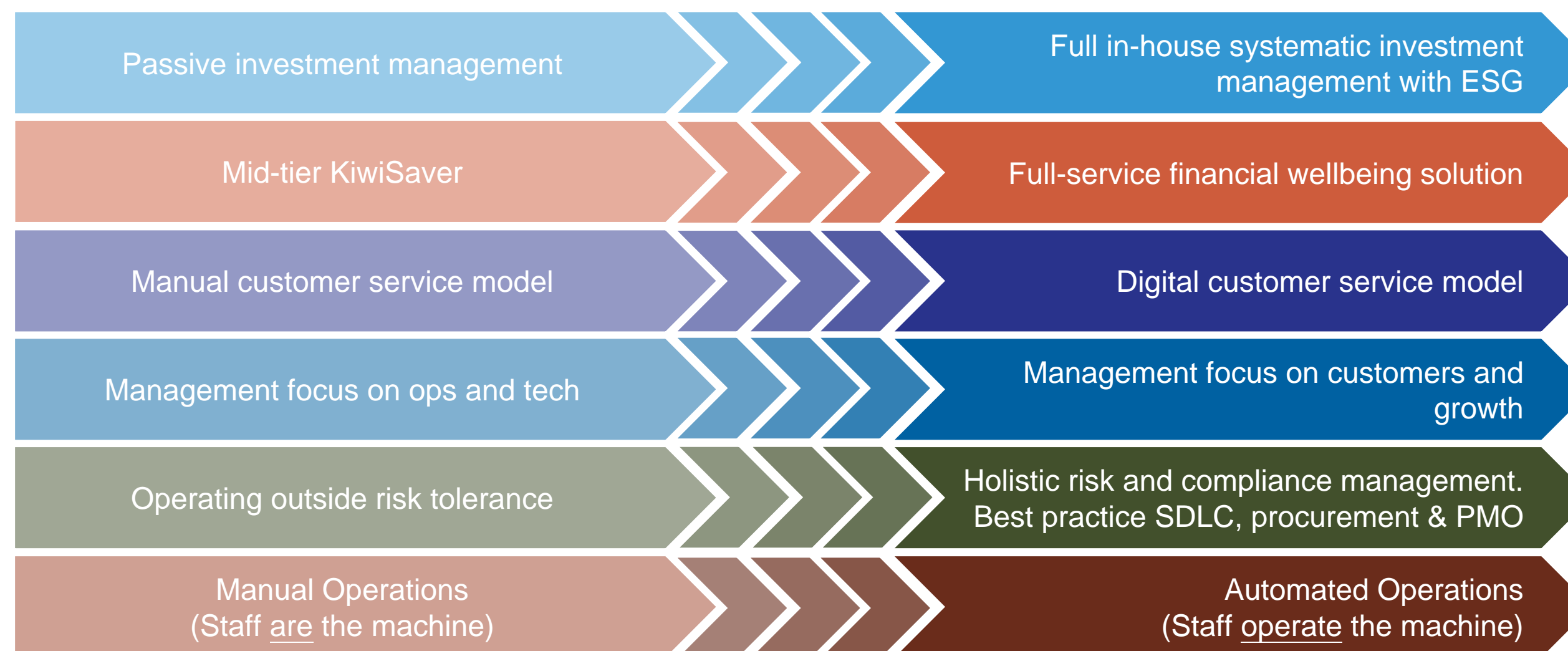
We are also benefitting from global trends driving broad based growth



Our ambition is to grow into a full service, automated, digital fund manager

2022

2027



The Smartshares aspiration...

All investors have access to trusted, cost effective, financial solutions to build a future unconstrained by financial worries

1

Lead in Systematic Products

Lead in Systematic Investment Management by supporting retail & institutional flows

- In-house investment management
- Build systematic investment management capability
- Broad product coverage through multiple client segments
- Thought leadership in ETF and systematic
- Best-in-class investor outcomes through liquidity risk management and low tracking errors and differences

2

Lead in Financial Solutions

Lead in Financial Wellbeing Solutions by developing KiwiSaver & Corporate Super

- Consistently above average returns in diversified funds
- Market-leading digital services and advice
- Combined investment and insurance offer
- Investment solutions for retail, wholesale and institutional

3

Establish an Efficient Platform

Build an efficient operating platform with great customer outcomes

- Automated operational workflows
- Effective digital capability
- Leader in compliance and risk management.
- Leader in multi-segment, multi-channel distribution.
- Continue white-label and fund hosting capability.
- Efficient product structure
- Knowledgeable and engaged team
- Excellent customer services

4

Support NZX 2.0

Support NZX 2.0 through capital flows and earnings growth

- Deliver market liquidity through ETF trading
- Support NZX listed issuers' capital raising
- Support NZX indexes
- Support market infrastructure including participants and brokers

We have multiple options to deliver further margin growth and reduce operating risk



Lead in Systematic Products

- Further in-housing of investment management
- Complete automation of middle office and investment data interfaces
- Develop model-based systematic investment management.
- Implement an annual product and pricing refresh (incl. ETF listings, funds, KiwiSaver and supporting NZX 2.0)
- Grow securities lending average balances
- 2 formal market makers by 12/23
- Launch first ARFP offer



Lead in Financial Solutions

- Deliver mass-market sales capability
- Implement digital customer lifecycle management through CRM
- Automate selected investor communications and onboarding
- Simplify insurance offer
- Onboard ASB SMT to standard ops model
- Deliver digital financial advice tools
- Continue to develop cross border funds distribution, Pacific and Iwi services



Establish an Efficient Platform

- Further develop our staff culture and engagement
- Automate operational workflows
- Develop best-in-class IT and digital development capability
- Deliver FMA-mandated compliance changes.
- Product structure & efficiency review.
- Deliver refreshed risk management framework and Compliance Assurance Programme.
- Develop in-house Smartshares change management capability



Support NZX 2.0

- Expand market liquidity through increased ETF trading by market education (additional ETF use cases), improved tracking, increased ETF distribution and product structuring.
- Expand product choice by listing further ETFs tracking NZX listed securities
- Drive growth in securities lending by increasing inventory, sec lending participation and participant training
- Develop capability to further support NZX issuers' capital raising
- Review case for NZX index funds incl. NZX2.0 initiatives



Wealth Technologies

Lisa Turnbull
CEO - NZXWT

► New Zealand's Exchange
Te Paehoko O Aotearoa



NZX Wealth Technologies (NZXWT) is a high growth business opportunity over the medium term

Aligned to NZX Purpose

>The NZXWT platform provides **core market infrastructure** to the **NZ financial advice community**, aligning to NZX’s purpose of connecting people, business and capital everyday

What we offer and who are we for?

>NZXWT offers an open, modern and efficient specialised platform for advisers and financial services providers to **manage, trade, administer and report** performance of their clients’ investments

Overview of NZXWT

>NZX Wealth Technologies (NZXWT) is **one of the fastest growing, most comprehensive, feature-rich custodial investment platforms** available in New Zealand

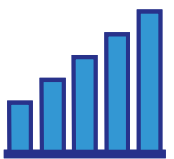
>**\$10.1bn in FUA** across **15 groups** and **>33k portfolios**

>Wide spectrum of functionality, including Wrap, KiwiSaver, NZ Super, QROPS, broker integration, investor portal and direct registration all in one unified solution

>Fully cloud-based platform leveraging the **Microsoft technology stack and driven by API**

>The platform was built and is now supported by highly experienced, wealth technology professionals to ensure a full lifecycle solution that covers all investor, intermediary and custody interactions

Key metrics



FUA
\$10.1bn
(as at Oct 22)



Revenue
\$6.0m*
+36% YoY growth



FY22B FTE
77



15 groups
>33k accounts
(as at Oct-22)

JBWere



CRAIGS
INVESTMENT PARTNERS

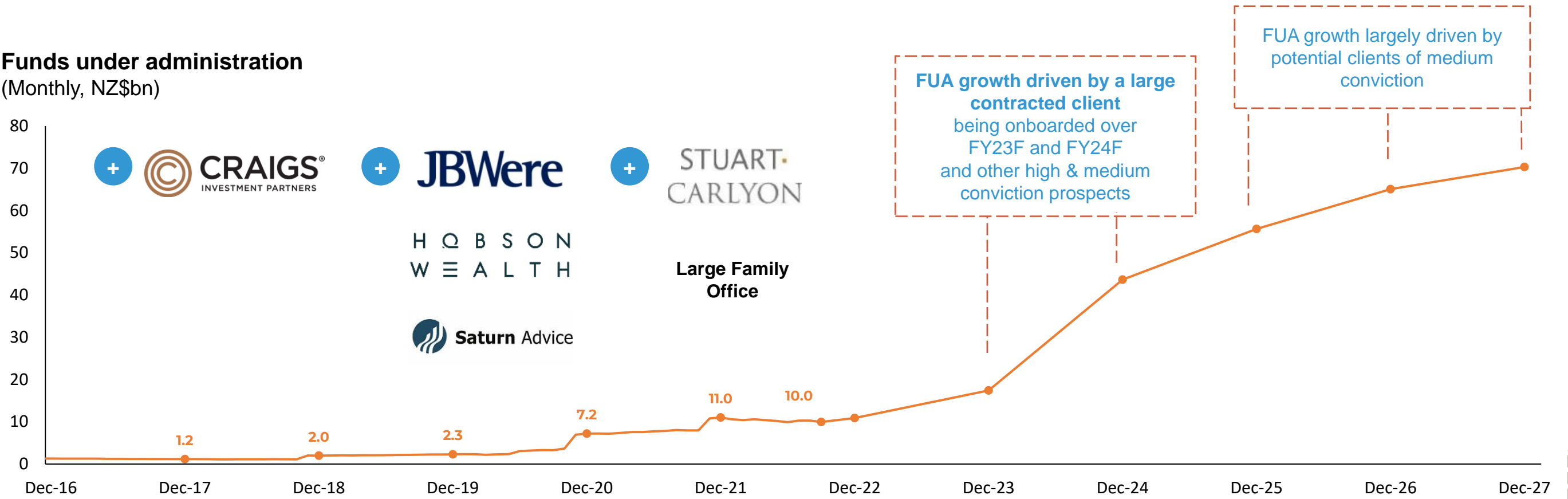
H O B S O N
W E A L T H

 **Saturn Advice**

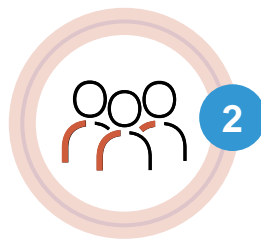
*Revenue of \$6.0m is based on Q3 YTD revenue metrics

Throughout its history NZXWT has successfully onboarded several large clients and has a high conviction pipeline driving FUA growth targets

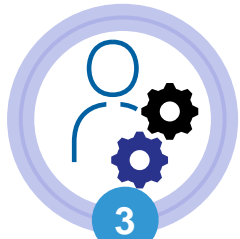
Funds under administration
(Monthly, NZ\$bn)



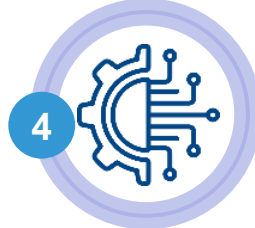
NZX acquire Amadeus and rebrand to NZX Wealth Technologies Limited



Operating legacy platform
Begin to **build out team** and technical capability to deliver new product



Focus on acquiring large foundation clients to build **functional capability** through development projects

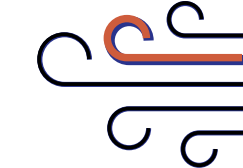


Developed a new platform built on Microsoft Technologies and driven by APIs
Functionality built to support efficient small and medium adviser migration




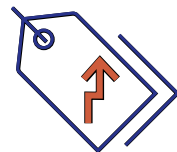
Focus on building scale and delivering positive cash flows
Shift in focus to onboarding clients suited to existing technologies with fast migration times
Maintain outstanding customer service

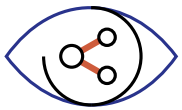
Structural tailwinds are expected to drive future growth within the investment platform market...


- 

Structural KiwiSaver and demographic tail winds to drive long term industry growth

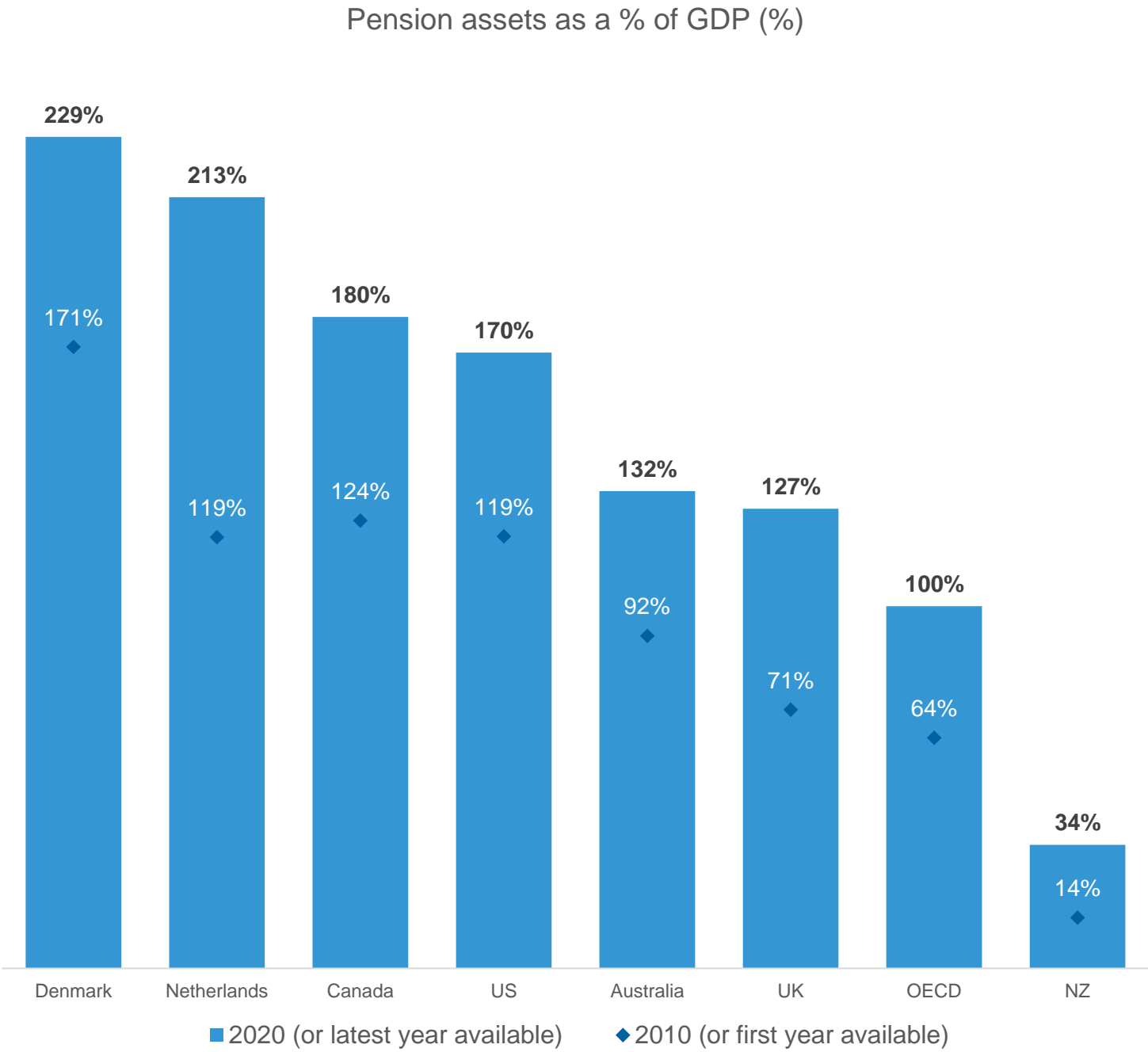
 - NZXWT was the first investment platform to provide KiwiSaver self-select functionality in New Zealand
- 

Financial advice is becoming more prevalent and necessary as **investment options expand**
- 

Compliance costs are rising for customers and good customer conduct is becoming more important
- 

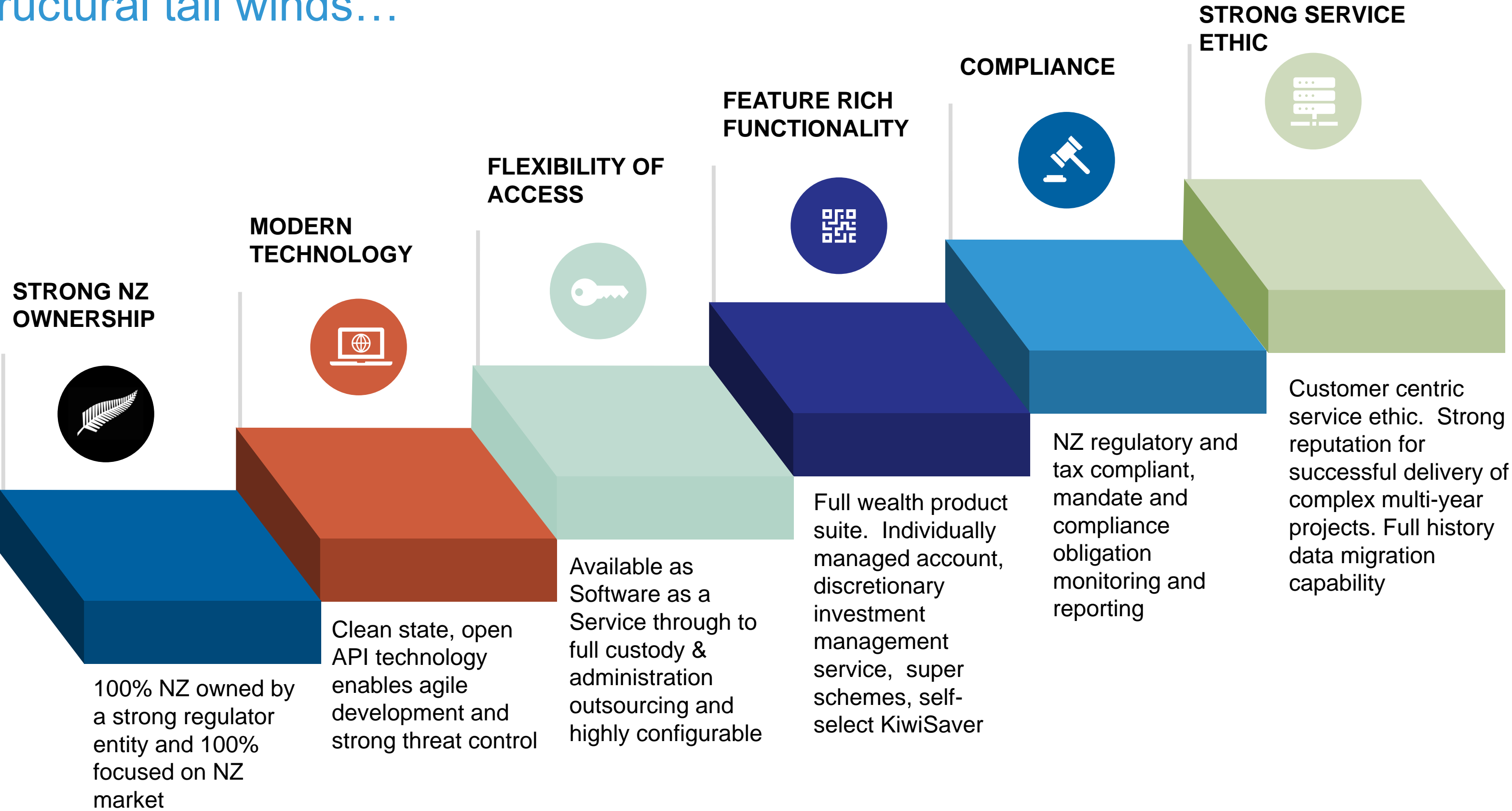
Price pressure on all target customers is forcing the market to **look for technology solutions for efficiencies**
- 

Most competitor and in-house target client platforms are **legacy and/or at the end of life** and requiring significant upgrade



Source: OECD Global Pension Statistics

...and we hold key competitive advantages that help us capitalise on structural tail winds...



...and the pipeline of growth is strong



Customer interest in the platform is **strong**



2022 development laid the foundation for a **significant Saas onboarding to occur over 2023 and 2024**

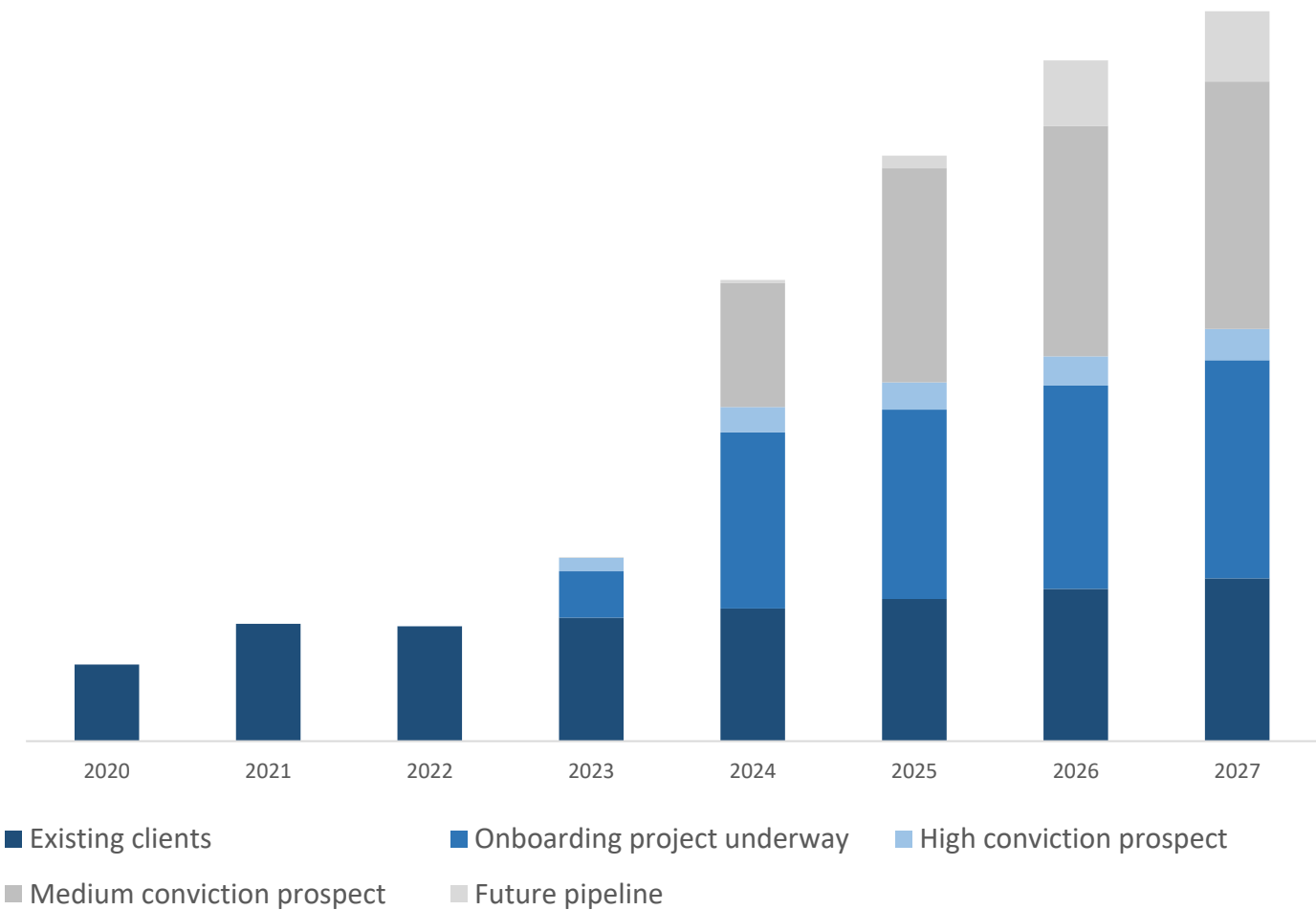


There is a significant focus on **attracting Adviser Groups to the full operations and custody service**. There is a strong pipeline



The probability and timing of the **medium conviction pipeline is highly contingent on prospects**. We can influence but not control

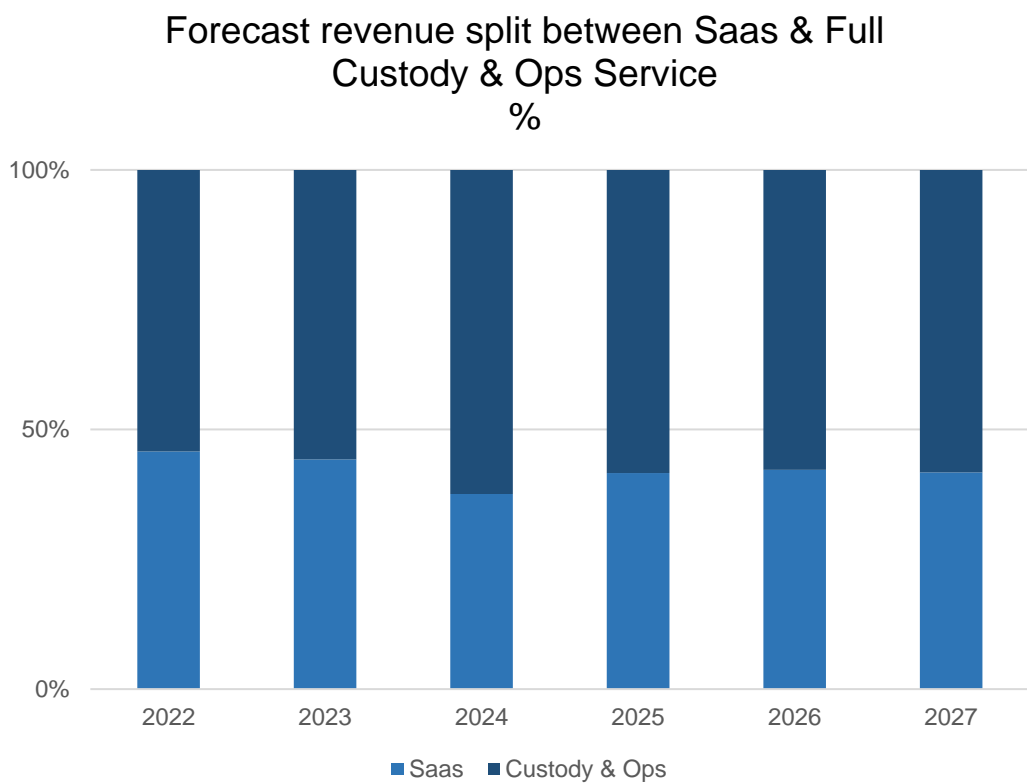
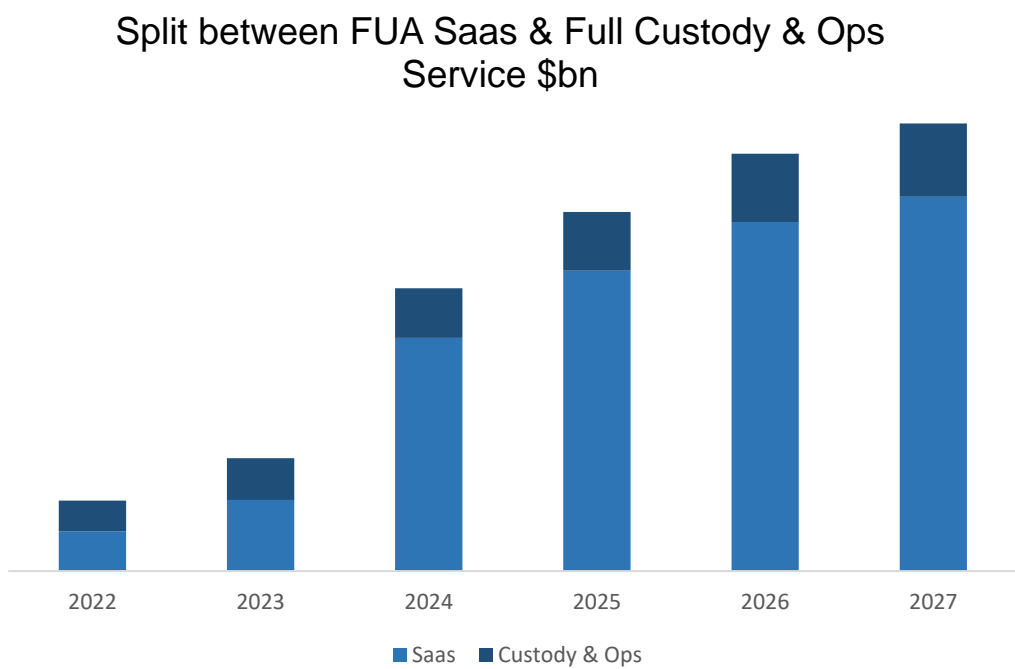
High to Medium Conviction Pipeline



Significant FUA secured

Large SAAS on-boarding project underway – strong focus on growth in Custody and Operations segment

- 2023 will have a strong sales focus on Custody & Operations service
- There will be significant FUA growth from SaaS clients over 2023 and 2024
- Growth in revenue will be driven also by Custody & Operations service, the fuller service attracts a high average revenue bps
- Current resource level allows up to four concurrent projects per annum, resource can be added should more opportunities present themselves

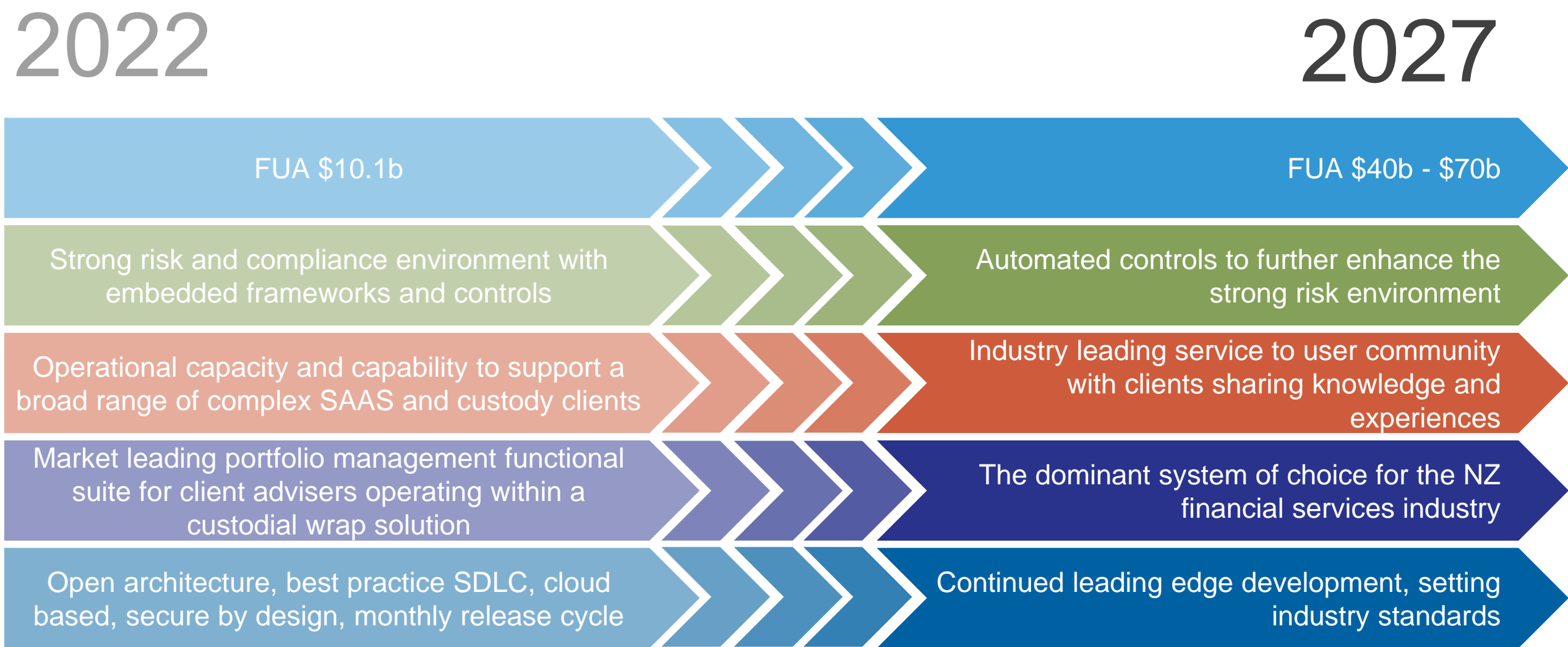


	Custody & Operations	Saas
Tiered revenue bps range dependent on individual customer FUA	5bps – 22bps	0.25bps – 15bps
* Total average bps is estimated to range from 3.4 – 5.0 bps. This is highly dependent on the FUA mix between Saas and Custody & Operations service as well as the size and complexity of clients.		

The operating model delivers revenue at both ends of the FUA scale

- ▶ Current FTEs 77 – this level of resourcing enables the migration growth path
- ▶ Once migration growth path is complete in a number of years time, and we reach steady state (business as usual), we estimate a lower level of FTEs
- ▶ Growth landgrab phase is expected for at least the next 4 years. Additional growth initiatives are being explored. Assessment will be made to determine if revenue upside would justify an extension of the growth phase
- ▶ Staff costs account for > 85% of total costs
- ▶ Platform is highly scalable
- ▶ Additional development will be contingent on level of new clients and migration
- ▶ We have sufficient resources to continue to invest in the platform to remain market leading

The next 5 years: Drive FUA growth by maintaining leading edge technology, functionality, strong operational service and risk management



...and this is how we will get there





NZX Value Proposition

Graham Law
CF&CO

► New Zealand's Exchange
Te Paehoko O Aotearoa



Current market conditions have impacted some of our revenues, and costs are being limited or deferred, we don't believe this will have a long-lasting impact

2022 Targets - Performance YTD

		External dependencies	2022 SEPT YTD	YoY %
Grow Markets				
- Issuer Relationships	Capital raised (total primary and secondary capital issued or raised for equity, funds and debt)	<ul style="list-style-type: none"> Listing ecosystem is dependent on other market participants No major market correction 	\$16.56 billion	+54.0%
- Secondary Markets	Total value traded	<ul style="list-style-type: none"> Participant activity levels drive value traded No major market correction 	\$28.96 billion	(29.1)%
	Dairy derivatives lots traded	<ul style="list-style-type: none"> Participant activity levels and dairy market price volatility drive lots traded 	331,000	+41.8%
- Data & Insights	Revenue growth (in subscriptions, licenses and dairy subscriptions)	<ul style="list-style-type: none"> Dependent on markets growth 	\$13.6 million	+5.0%
Funds Management	Total funds under management	<ul style="list-style-type: none"> Investment market returns No major market correction 	\$7.79 billion	+32.7% [YTD excluding ASB SMT acquisition (5.0)%]
Wealth Technologies	Total funds under administration	<ul style="list-style-type: none"> Investment market returns No major market correction 	\$9.96 billion	+25.3%

The current year market conditions have impacted:

- Value traded / cleared (29.1)% and Settlement Lines (9.3)% September YTD – based on current pricing the full year impact is estimated at approx. \$3.25m; and
- FUM based revenue has been impacted by the YTD market return (9.9)% – our estimate of the impact for the full year of approx. \$2.5m

Whilst we are experiencing cost pressures, we have been managing costs to limit or defer the increasing cost base

NZX's revenues have remained strong, we have a diverse range of revenue sources the majority of which are not exposed to market capitalisation

Business Unit	Revenue H1-22 %	Revenue Driver
<i>Capital Markets Origination</i>		
CMO - Annual Listing Fees	11.6%	Market Cap at 31 May, largely fixed base with some variable to market cap movements and fixed Index fees
CMO - Primary / Secondary capital raised	5.9%	Capital issued / raised - mix between equity, retail debt, wholesale debt, funds
<i>Secondary Markets</i>		
Participant Services	0.5%	Number of participants
Trading and Clearing Fees	13.8%	Traded / Cleared value and settlement lines - mix between on market, auction, off market and a trading fee cap
Dairy Derivatives	1.8%	Dairy lots traded
Market Operations	12.0%	Longer term contracts and development revenue
<i>Data & Insights</i>		
Royalties from Terminals	8.9%	Terminal numbers (particularly professional terminals)
Subscriptions, licences and indices	7.2%	subscription / license numbers and indicies clients
Audit and back-dated licences	0.5%	Outcome of terminal / license audits
Connectivity	2.8%	Number of connected participants
<i>Funds Management</i>		
FUM Based Revenue	21.0%	FUM based revenue
Member Based Revenue	3.2%	Monthly admin fees (including on insurance)
Other Funds Management Revenue	0.6%	Insurance, interest income and stock lending & borrowing
<i>Wealth Technologies</i>		
FUA Based Revenue	5.8%	FUA based revenue
Development Revenue	0.4%	T&M basis for client specific customisation
<i>Regulation</i>	3.9%	Mostly T&M basis, some allocation from Annual Listing Fee (1.2%)
Other	0.0%	

Exposure to market capitalisation for H1-22 was approx. 43.1%:

- Annual Listing Fee approx. 2.5% which is driven by the market capitalisation on 31 May each year
- Trading & Clearing Fees 13.8%
- FUM based revenue 21.0%
- FUA based revenue 5.8%, though contracts have base levels of revenue

The exposure is rising as FUM based revenue becomes a higher portion of revenue (H2-21: 40.7%)

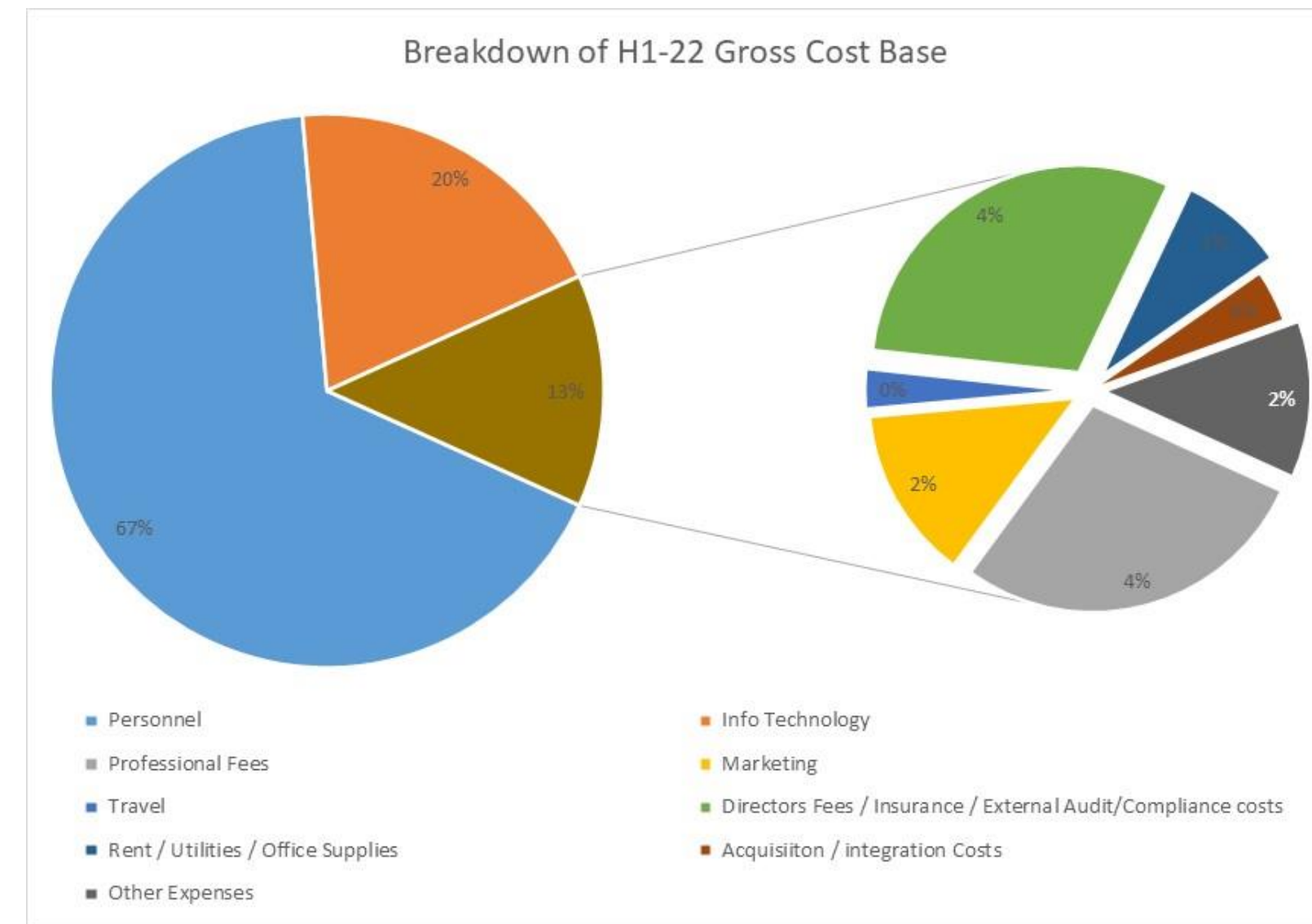
We are actively managing or replanning activities due to cost inflation pressures

Gross cost base (i.e. pre capitalised personnel and overheads costs) is analysed in the graph opposite

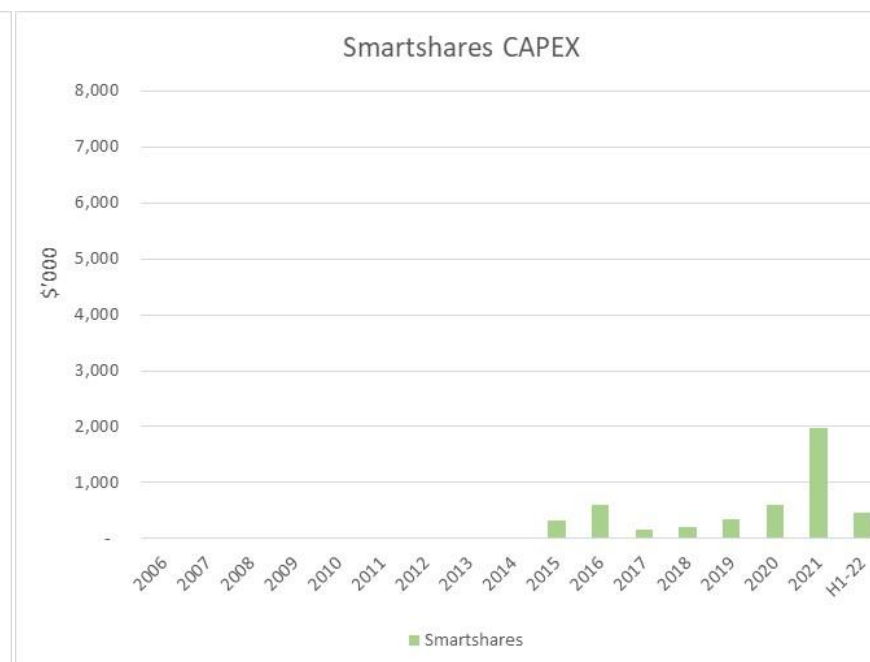
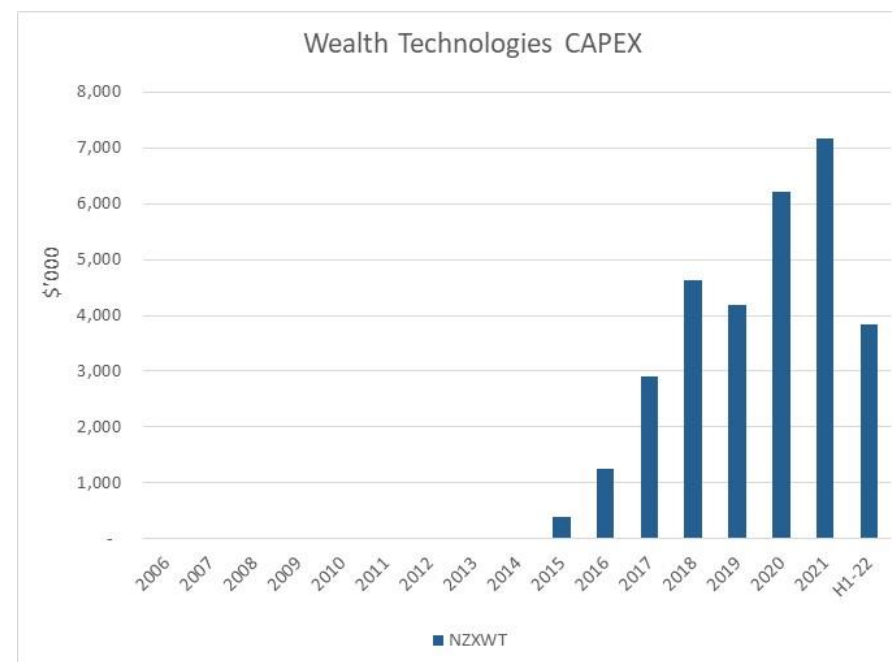
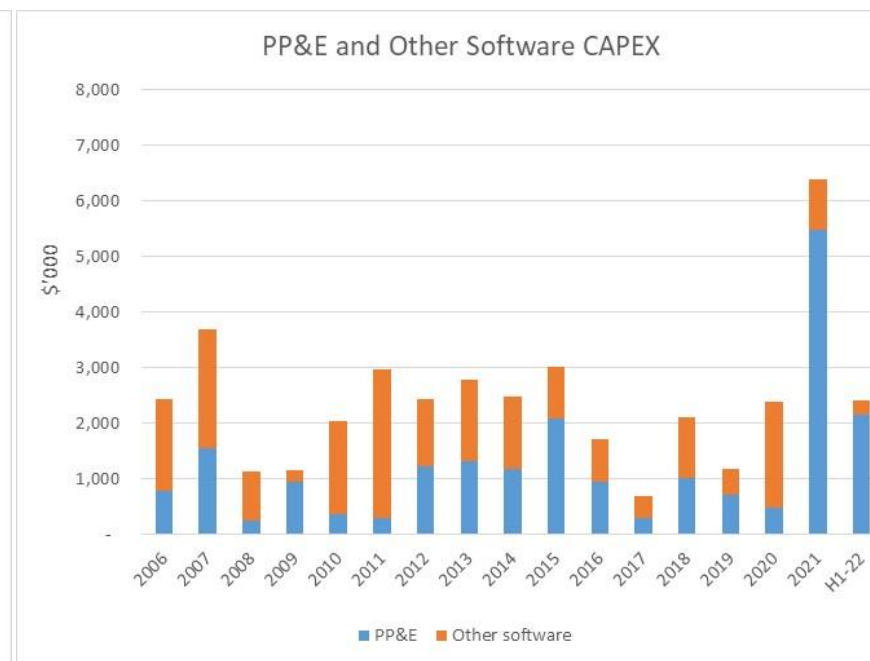
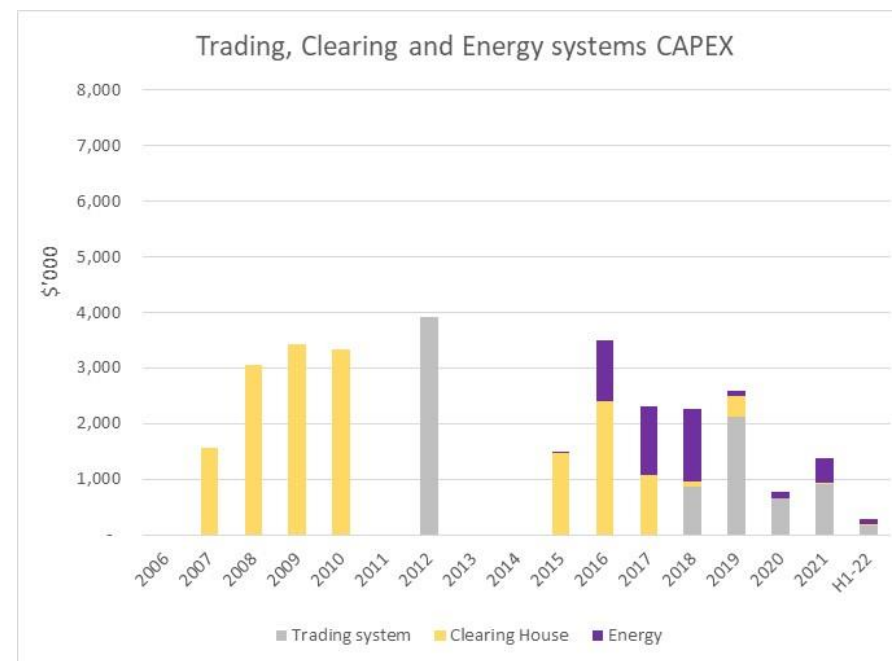
- Personnel costs represent the majority of the gross costs (circa 67%) – with cost increases being driven by:
 - higher average number of FTEs – resulting from additional roles created in 2021 e.g. in the Securities IT team (addressing the EY Technology Report) and cyber security (addressing the InPhySec Report), partially offset by a large vacancy factor in the current year;
 - wage inflation; and
 - lower levels of capitalised labour;
- IT costs (circa 20%) include market platform costs (which are being adversely impacted by the movements in FX rates and contractual inflation rates), IT costs recharged to market participants such as systems connectivity charges, and new IT costs (such as NZX's share of IT costs under the SGX-NZX dairy derivatives strategic partnership and Smartshares incurring software license costs for the Bloomberg system and new licenses for the KSD digital tools);
- Professional fees (circa 4%) include costs relating to legal, tax and other advice, and costs directly relating to revenue (e.g. D&I audit royalties, and external data input costs for Data & Insight reports)

The cost base continues to grow in our Financial Services Businesses (Smartshares and Wealth Technologies) due to:

- Corporatisation of the businesses;
- Smartshares organic FUM growth and the additional of resource to prepare the migration of (and in 2023 to service) the ASB SMT acquisition; and
- Wealth Technology migration of new customers (reflected in FUA growth) and dependant on their service requirements



CAPEX growth is driven by Smartshares (ASB SMT integration from Q4-22 to Q3-23) and Wealth Technologies (migration activity) as well as our related increased accommodation requirements



Trading, Clearing and Energy Systems CAPEX

- **Trading, clearing and energy systems CAPEX** driven by specific system life cycles which result in large multi-year projects
- To enable further growth, we have been upgrading systems to enable NZX20 equity derivatives and the further automation of the Depository system

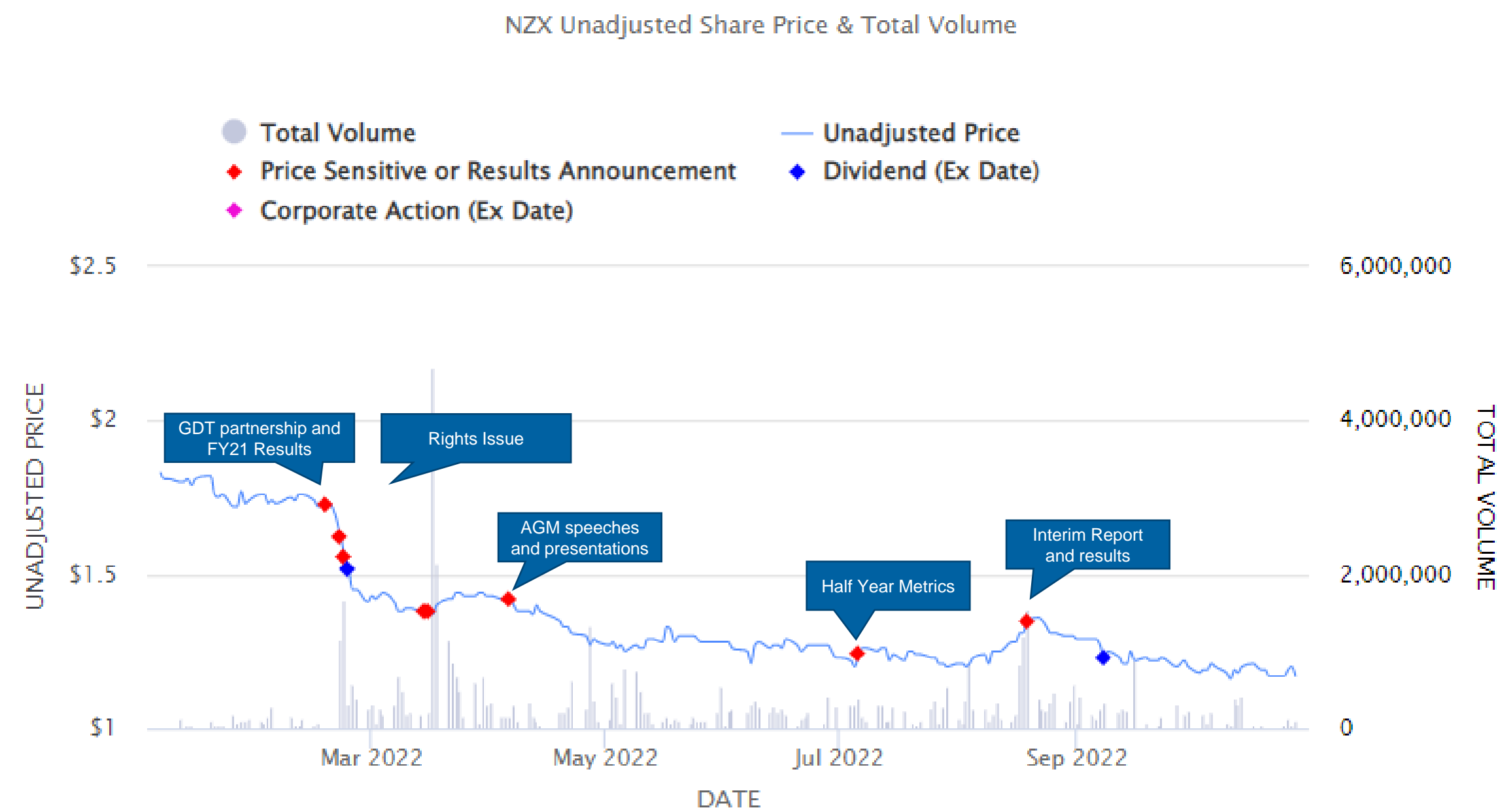
PP&E and Other Software CAPEX

- **PP&E CAPEX** relates to the normal life cycle replacements for IT equipment and software, as well as commencing the implementation of a strategic storage solution. In 2021 we established the Capital Markets Centre in Auckland.
- We are currently completing the strategic storage solution and the fit out of additional accommodation requirements as the business grows. The replacement of the old Auckland ticker has now received council approval
- **Other software CAPEX** relates to technology upgrades and enhancements of the NZX technology architecture and the Network Transformation project which strengthens NZX's cyber security

Financial Services Growth Businesses CAPEX

- **Wealth Technologies CAPEX** in the current period relates to continued product development and new client migration activity
- **Smartshares CAPEX** relates to the delivery of digital tools for the new KiwiSaver Default Scheme to ensure improved client servicing / experience and automation / efficiency
- We have commenced Smartshares systems upgrades to enable the migration of the ASB Superannuation Master Trust

NZX's share price has been impacted by the perception of how the current tough market conditions impact NZX's revenue plus other factors including....



February / March rights issue

Low retail entitlement participation due to uncertainty resulting from the Ukraine / Russia war commencing

Subsequently some underwriters sold down putting downward pressure on share price

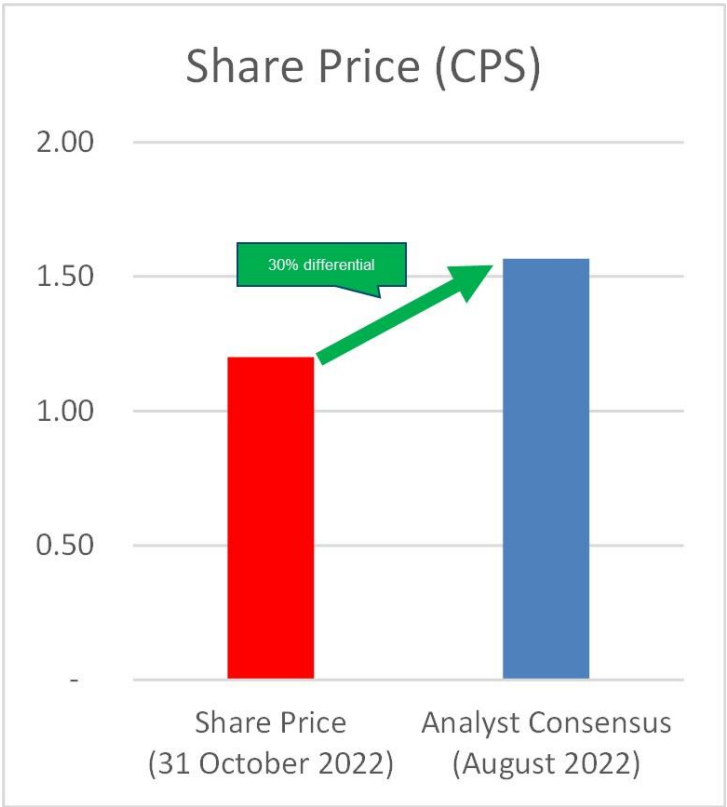
August increase post the Kiwi Wealth transaction announcement – indicator of Smartshares valuation

Subsequently eased off on light volumes

A Sum of the Parts valuation is how we look at the overall value of NZX, if we deliver on our strategy then the SOTP is higher than the current share price

Analyst Consensus:

- post HY-22 results announcement (in August 2022)
- still to consider the impact of our H2 performance and the KiwiWealth transaction
- differential to the current share price is approximately +30%
- which we believe has a positive impact



Sum of the parts valuation:

- to assist we provide business unit information in our FY / HY investor presentations and the monthly operating metrics;
- BU macro drivers include:

	Key drivers
Grow Markets	
- Issuer Relationships	<ul style="list-style-type: none">• Long run market capitalisation growth; plus• Primary listing capital raised, and secondary capital issued
- Secondary Markets	<ul style="list-style-type: none">• Traded / cleared value• Depository settlement lines• Dairy lots traded (and the commencement of speculative trading)
- Data & Insights	<ul style="list-style-type: none">• Professional terminal numbers• Subscription / License numbers (and conversion of audits to annuity streams)
Funds Management	<ul style="list-style-type: none">• Continuation of the accumulation phase of NZ total FUM e.g. KiwiSaver future growth profile• NZ ETF penetration rate (currently low compared to US/Europe)
Wealth Technologies	<ul style="list-style-type: none">• Large advisor firms outsourcing wealth platforms due to compliance costs (and in due course outsourcing their operations functions)• Medium advisor firms outsourcing their operations functions due to the cost to service clients



Wrap Up

Mark Peterson
CEO

▶ New Zealand's Exchange
Te Paehoko O Aotearoa



Summary – the NZX investment case



The Capital Markets opportunity: Since 2017, we have rebuilt our capital markets platform and have still achieved growth in a challenging 2022. We have the building blocks for further opportunities and growth and as markets recover, we expect to see capital markets activity levels accelerate



Maturing our Market: We know our product offering could be expanded (equity derivatives, carbon markets) which is key to driving further growth in capital markets activity and greater global connections – rounding out our product offering will **broaden our earnings base and add scale to our settlement and clearing activities**



We are **globalising our footprint** across all businesses, (SGX, EEX, GDT, global participation in markets) and we see opportunities with a 'star alliance' strategy



Continued secular growth: In addition, there are **long-term structural market tail winds that support growth** in the managed funds and platform businesses



Continued M&A activity: We will continue to explore **M&A activity to help drive and accelerate growth** where appropriate



Operating Leverage: Still investing for growth but also focusing on **efficiencies and driving operating leverage**



Maintaining through market cycles: Market cycles are inevitable, maintaining earnings through these challenging periods while continuing to develop, **sets a platform to capture upside opportunities in market recovery phase**

Thank you

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